

6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 89,017,106	\$ 200,422	\$ (6,893,702)	\$ 82,323,826	\$ 6,536,943
Revenue bonds	30,855,000	18,225,000	(12,490,000)	36,590,000	220,000
State Loans	1,576,841	-	(192,890)	1,383,951	177,057
Premium on bonds	333,166	48,632	(22,890)	358,908	-
Less deferred amounts:					
On refunding	(271,160)	(825,000)	30,128	(1,066,032)	-
Issue costs/discounts	(1,082,227)	(584,589)	79,948	(1,586,868)	-
Total bonds & contracts payable	120,428,726	17,064,465	(19,489,406)	118,003,785	6,934,000
Insurance Claims	5,250,000	100,000	-	5,350,000	3,951,460
Compensated absences	9,859,605	9,317,129	(9,185,084)	9,991,650	5,895,074
Total Long-term Liabilities- Governmental Activities	<u>\$ 135,538,331</u>	<u>\$ 26,481,594</u>	<u>\$ (28,674,490)</u>	<u>\$ 133,345,435</u>	<u>\$ 16,780,534</u>
Business-Type Activities					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 21,553,114	\$ -	\$ (1,148,013)	\$ 20,405,101	\$ 963,276
Revenue bonds	236,203,505	37,475,000	(10,716,812)	262,961,693	11,096,736
Premium on bonds	1,832,112	427,553	(130,520)	2,129,145	-
Less deferred amounts:					
On refunding	(9,684,826)	-	639,824	(9,045,002)	-
Total bonds & contracts payable	249,903,905	37,902,553	(11,355,521)	276,450,937	12,060,012
Total Long-term Liabilities- Business-Type Activities	<u>\$ 249,903,905</u>	<u>\$ 37,902,553</u>	<u>\$ (11,355,521)</u>	<u>\$ 276,450,937</u>	<u>\$ 12,060,012</u>
Component Units					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 6,025,650	\$ -	\$ (522,350)	\$ 5,503,300	\$ 81,600
Revenue bonds	46,360,720	-	(1,815,000)	44,545,720	2,485,000
Accrued interest	9,469,661	1,424,258	-	10,893,919	-
State Loans	623,712	-	(68,321)	555,391	71,054
Premium on bonds	71,574	-	(2,982)	68,592	-
Total bonds & contracts payable	62,551,317	1,424,258	(2,408,653)	61,566,922	2,637,654
Compensated absences	-	576,889	-	576,889	340,365
Total Long-term Liabilities- Component Units	<u>\$ 62,551,317</u>	<u>\$ 2,001,147</u>	<u>\$ (2,408,653)</u>	<u>\$ 62,143,811</u>	<u>\$ 2,978,019</u>

6. Long-Term Obligations, continued:

Governmental Activities

Bonds and Contracts:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
2004A Grand Rapids Building Authority (Condo II-sublease)	10-05 to 10/28	3.25% - 5.75%	\$ 18,225,000
2003 Grand Rapids Building Authority Refunding Bonds	4-06 to 4-13	1.95 - 3.85%	2,999,083
2002A Grand Rapids Building Authority (Condo II)	10-05 to 10-28	2.5 - 5.5%	18,365,000
2002 Grand Rapids Building Authority (Arch. Ctr. Ph II)	4-06 to 4-22	3.5 - 5.1%	3,185,000
2000 Grand Rapids Building Authority (Police Facilities)	8-05 to 8-20	4.6 - 5.75%	22,205,000
1999 Grand Rapids Building Authority (Archive Center)	4-06 to 4-19	4.2 - 5.25%	1,570,000
1998 Grand Rapids Building Authority (Library)	4-06 to 4-18	4.2 - 5%	16,520,000
1997 Grand Rapids Building Authority Refunding Bonds	10-05 to 10-09	4.6 - 4.9%	1,205,000
1993 Grand Rapids and County of Kent Joint Building Authority Contract	1-06 to 1-14	4.75 - 5%	1,955,000
2003 Michigan Transportation Fund Bonds	10-05 to 10-18	2 - 4.2%	3,550,000
1999 Michigan Transportation Fund Bonds (Act 175 Bonds)	10-05 to 10-14	4.5 - 5.5%	8,185,000
Improvement Loan - State of Michigan	through 1-06	no interest	-
Kent County Drain Commission Contract payable (2003)	11-05 to 11-15	2 - 4.25%	4,116,792
Kent County Drain Commission Contract payable (2000 Floodwalls)	11-05 to 11-20	5 - 5.55%	2,405,350
Kent County Drain Commission Contract payable (1997 Floodwalls)	11-05 to 11-17	4.5 - 5%	4,887,350
Kent County Drain Commission Contract Payable (1995 Silver Creek)	11-05 to 11-06	4.90%	165,435
2001 MDOT Contract Payable	7-05 to 7-12	4%	1,383,951
Other 2004 installment purchase agreements	6-06 to 6-12	2.875 - 4%	1,194,566
Other 2002 installment purchase agreements	6-06 to 6-09	2.75 - 3.5%	328,500
Other 2001 installment purchase agreements	6-06 to 6-08	3.95 - 4.15%	1,435,539
Motor Equipment System - 2004 Installment Purchase agreements	6-06 to 6-12	2.875 - 4%	1,695,434
Motor Equipment System - 2002A Installment Purchase agreements	6-06 to 6-09	2.75 - 3.5%	1,676,316
Motor Equipment System - 2002 Installment Purchase agreements	6-06 to 6-10	4 - 4.75%	1,415,000
Motor Equipment System - 2001 Installment Purchase agreements	6-06 to 6-08	3.95 - 4.15%	789,461
Motor Equipment System - 2000 Installment Purchase agreements	6-06 to 6-07	5 - 5.05%	840,000
Other:			120,297,777
Claims Payable			4,050,000
Workers Compensation			1,300,000
Compensated Absences			9,991,650
Unamortized Bond Premium			358,908
Unamortized Bond Discount			(1,586,868)
Deferred amount on Refunding Bonds			(1,066,032)
Less amounts due within one year:			13,047,658
Bonds & Contracts Payable			(6,934,000)
Claims Payable			(3,951,460)
Compensated Absences			(5,895,074)
			(16,780,534)
Total Long-Term Portion Governmental Activities			\$ 116,564,901

6. Long-Term Obligations, continued:

Business-Type Activities

Bonds and Contracts:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
2000 Water Supply System Refunding Bonds	1-05 to 1-18	4 - 5.75%	\$ 74,560,000
1993 Water Supply System Revenue Bonds	1-05 to 1-20	5%	38,000,000
2004 Sanitary Sewer System Revenue Bonds	1-06 to 1-34	2 - 5%	37,245,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	1-05 to 1-28	4.375 - 5.5%	79,865,000
1995A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-05 to 4-16	2%	2,361,693
1995B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-04 to 10-16	2%	2,250,000
1994A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-04 to 10-14	2%	6,195,000
1994B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-05 to 4-15	2%	3,815,000
1993A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-04 to 10-13	2%	5,205,000
1993B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-04 to 10-13	2%	4,880,000
1992A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-04 to 10-13	2%	7,125,000
1992B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-04 to 10-13	2%	850,000
1991 Sanitary Sewer System Junior Lien Revenue Bonds	10-04 to 10-13	2%	610,000
2002A Installment Purchase Agreement (Belknap Ice Arena)	6-05 to 6-17	2.75 - 4.4%	970,184
1996 Grand Rapids Building Authority Bonds (Monroe Center 3)	10-04 to 10-05	5.40%	220,000
2003 Grand Rapids Building Authority Bonds Refunding Bonds	4-05 to 4-13	1.95 - 3.85%	3,685,917
2001 Grand Rapids Building Authority Bonds Refunding Bonds	10-04 to 10-20	3.25 - 5.1%	5,380,000
2001 Grand Rapids Building Authority Bonds	10-10 to 10-31	4.38 - 5.13%	9,150,000
Kent County Drain Commission Contract Payable (2000 Floodwall Project)	11-04 to 11-20	5 - 5.55%	329,500
Kent County Drain Commission Contract Payable (1997 Floodwall Project)	11-04 to 11-17	4.5 - 5%	669,500
Other:			283,366,794
Bond Premium			2,129,145
Deferred Amount on GRBA Refunding Bonds			(291,727)
Deferred Amount on Water Refunding Bonds			(5,665,542)
Deferred Amount on Sewer Refunding Bonds			(3,087,733)
Less amounts due within one year:			276,450,937
Bonds & Contracts Payable			(12,060,012)
Total Long-Term Portion Business-Type Activities			\$ 264,390,925

6. Long-Term Obligations, continued:

Governmental Funds Component Units

Bonds and Contracts:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
1994 Downtown Development Authority Tax Increment Revenue Bonds	6-06 to 6-24	4.25 - 7.35%	\$ 44,545,720
MDOT Contract Payable	7-05 to 7-12	4%	555,391
Kent County Drain Commission Contracts Payable (2000 Floodwall Project)	11-05 to 11-20	5 - 5.55%	560,150
Kent County Drain Commission Contracts Payable (1997 Floodwall Project)	11-05 to 11-17	4.5 - 5%	1,138,150
Satellite SmartZone (2004)	06-08 to 06-28	3 - 5.375%	3,805,000

Other:

Premium on bonds	50,604,411
Accrued interest on Capital appreciation portion of 1994 issue	68,592
Compensated absences	10,893,919
	576,889

Less amounts due within one year:

Bonds & Contracts Payable	(2,637,654)
Compensated absences	(340,365)

Total Long-Term Portion Governmental Component Units

\$ 59,165,792

On August 12, 2004, the City of Grand Rapids issued Sanitary Sewer System Revenue Bonds in the amount of \$37,475,000. Interest rates range from 2% to 5% with maturities at varying amounts from January 2018 to 2034. The net proceeds of \$37,517,528 (including an original issue premium of \$427,552 less underwriter's discount of \$385,022) are being used for the separation of combined sanitary and storm sewers including the construction of new sewers to provide the separate conveyance of storm water and sanitary sewage, a new force main, a new relief sewer, and other upgrading to increase pump capacity. The bonds are self-liquidating bonds and are not a general obligation of the City, debt service will be funded solely from the net revenues derived from operation of the Sewer System.

On November 1, 2004, the Authority issued \$18,225,000 of Junior Lien Building Authority Revenue and Refunding Bonds, series 2004A (TAXABLE). The net proceeds of the bonds were \$17,811,999 (less net original issue discount of \$81,063, and issue costs of \$331,938) which were used for the following: (1) \$13,030,000 was deposited into an Escrow Fund to defease 39.925% (\$12,205,000) of the series 2002A GRBA revenue bonds (2) deposited into the 2004 Project Fund which will be used to pay reconstruction costs for the Condo II project. The advance refunding of \$12,205,000 tax-exempt bonds by issuing taxable bonds was done as an accommodation to the tenant, the State of Michigan. Debt service was increased by \$6,020,000 for 23 years which was the remaining life of the bonds. This allowed the State to sublet space to the US Bankruptcy Court, whose use of the space would have been a violation of the IRC provisions governing the use of the tax-exempt debt that originally financed the improvements to the facilities.

Revenue bond issues with the exception of the DDA Tax Increment Bonds are collateralized by capital assets constructed from bond proceeds. The current debt service requirements are provided by net revenues derived from operations of the various Enterprise Funds and are specifically restricted as detailed in Note 4.

6. Long-Term Obligations, continued:

The bonds issued by the GRBA have been recorded in the governmental activities for government-wide presentation except for the Monroe Center II Parking Ramp issue and a portion of the 2003 Refunding bond issue for which the obligations and related assets are recorded in the Auto Parking System Enterprise Fund. The City pays the current debt service requirements on these bonds in the form of lease payments to the GRBA. The City has pledged its limited full faith and credit on these bonds.

The 1993 bonds issued by the JBA are recorded in governmental activities for government-wide presentation and the related assets (the museum parking ramp) have been recorded in the governmental activities capital assets. The current debt service requirements are paid by the DDA, a component unit of the City. The City has pledged its limited full faith and credit on these bonds.

Amounts reflected as Contracts Payable (with Kent County) represent the City's liability for road, intra-county drain and improvement projects in which it participated or is participating with the County.

The Motor Vehicle Highway Revenue Bond (Act 175) issues are backed by the limited full faith and credit of the City. Current debt service requirements are funded by state collected taxes returned to the City for highway purposes and are maintained in a debt service fund.

The Installment Purchase Agreements Series issued by the City and the DDA, depending on the nature of the Purchase Agreements, are reported as business or governmental assets and liabilities for Government-wide presentation. These agreements are general obligations of the City and the DDA.

The bonds issued by the DDA were issued in anticipation of Tax Increment Revenues on taxable properties in the Development area. The debt service requirements are financed from property tax revenues collected in the DDA Governmental fund type. The City has pledged its limited full faith and credit on the 1989 General Obligation Limited Tax Development Refunding bonds.

The City's total bonded debt does not include the 2001 JBA bonds of \$80,508,904 or the 2003 JBA bonds of \$9,680,000. These bonds were issued to finance a substantial portion of the new DeVos Place Convention Center Facility. The bonds are payable from the proceeds of semi-annual rental payments in amounts sufficient to pay principal and interest on the bonds. The County has the sole responsibility for the repayment of this debt through its Hotel/Motel tax receipts and general assets. The Downtown Development Authority has pledged to reimburse the county for half of the debt service payments on the 2003 bonds. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

Amounts due for Compensated Absences are liquidated as they become payable by the funds from which the related employees compensation is paid.

6. Long-Term Obligations, continued:

The annual requirements for debt service payments on long term bonds and contracts payable at June 30, 2005 are:

Fiscal Year	Governmental Activities		Business Type Activities		Component Units		Totals	
					Governmental			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 6,934,000	\$ 5,699,947	\$ 12,060,012	\$ 13,373,500	\$ 2,637,654	\$ 2,642,731	\$ 21,631,666	\$ 21,716,178
2007	7,763,866	5,422,186	12,501,635	12,906,513	2,899,747	2,476,930	23,165,248	20,805,629
2008	7,688,141	5,111,812	12,930,917	12,450,176	3,243,652	2,291,685	23,862,710	19,853,673
2009	7,313,612	4,795,553	13,448,293	11,918,310	1,452,976	4,177,997	22,214,881	20,891,860
2010	7,047,495	4,486,066	14,110,420	11,359,113	1,396,849	4,332,340	22,554,764	20,177,519
2011-2015	33,383,690	17,745,235	74,967,526	47,063,068	6,791,820	23,707,086	115,143,036	88,515,389
2016-2020	27,425,673	9,639,309	60,226,992	29,042,332	11,359,013	19,816,516	99,011,678	58,498,157
2021-2025	12,826,300	4,156,862	34,496,000	17,377,243	20,007,700	3,671,255	67,330,000	25,205,360
2065-2030	9,915,000	1,100,369	33,905,000	7,860,019	815,000	90,569	44,635,000	9,050,957
2031-2035	-	-	14,720,000	1,739,681	-	-	14,720,000	1,739,681
	<u>\$ 120,297,777</u>	<u>\$ 58,157,339</u>	<u>\$ 283,366,795</u>	<u>\$ 165,089,955</u>	<u>\$ 50,604,411</u>	<u>\$ 63,207,109</u>	<u>\$ 454,268,983</u>	<u>\$ 286,454,403</u>

The City is in compliance with all significant limitations and restrictions contained in various bond indentures.

DEFEASANCE OF OUTSTANDING DEBT

In prior years, the City defeased the remaining outstanding principal, or a major portion thereof, of the following issues by depositing U.S. Treasury bonds and notes with an escrow agent:

Year of Issue	Description	Amount Outstanding at June 30, 2005
1991	Water Supply System Bonds	\$ 75,515,000
1990	Sewage Disposal System Bonds	19,155,000
1992	Sewage Disposal System Bonds	33,980,000
2002A	Grand Rapids Building Authority (Condo II)	12,205,000

The funds are held by escrow agents in irrevocable trust funds segregated for the benefit of the holders of the outstanding bonds, and accordingly the trust funds' assets and the liability for the defeased bonds are not included in the City's financial statements.

6. Long-Term Obligations, continued:

WORKERS COMPENSATION

Although the liability for Workers' Compensation is recorded in the Insurance Payment Internal Services Fund, it remains a liability of the City. The operating budget of the City reflects the amounts required to pay for these liabilities in the departments where employees are located. These amounts are reported as revenue and operating transfers to the Insurance Payment Fund, which is used to pay actual claims and related costs.

COMPENSATED ABSENCES

The City provides employees with paid time off—including vacation, sick and compensatory time off for overtime—as defined by Collective Bargaining Agreements and City policies. This liability for unused time is reported in the Government Funds statements as a designated portion of Fund Balance under modified accrual accounting and in the Government-wide Proprietary and Internal Service statements as a liability under the full accrual method of accounting.

7. Retirement Plans

The City has two single-employer defined benefit pension plans which provide retirement and disability benefits to plan members and beneficiaries. The Police and Fire Retirement System covers eligible employees who are police officers and firefighters regularly employed by the City. The General Retirement System covers other eligible employees regularly employed by the City, including the 61st District Court. Benefit provisions are established and amended by City Ordinance. Each System issues publicly available individual financial reports that include financial statements and required supplementary information. The Pension financial statements can be obtained from the City of Grand Rapids Retirement Systems Office.

BASIS OF ACCOUNTING

The Systems' financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Plan member contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Police and Fire System has adopted a December 31 year-end, the General Retirement System shares a June 30 year-end with the general government. These financial statements are prepared using the most recent audited statements of each system. The actuarial information is from the most recent available actuarial statements of each system.

INVESTMENTS

Investments are reported at fair value. Short-term investments are reported at cost, which approximate fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

The investments of these Systems are designed to comply with requirements of the State of Michigan, which has numerous investment limitations depending on the type of investment. The most significant requirements as they impact the Systems are:

7. Retirement Plans, continued:

1. Investments in stock are limited to 70% of the Systems' assets and investments in the stock of any one corporation are limited to 5% of the Systems' assets;
2. Equity investments in real estate are limited to 5% of the Systems' assets;
3. Investments in state and local government obligations are limited to 5% of the Systems' assets;
4. Investments in foreign securities are limited to 20% of the Systems' assets.

FUNDING POLICY

The contribution requirements of plan members and the City are based on City Ordinance. Employee contribution rates vary based on union contracts. The employer contribution is based on an actuarial valuation conducted annually. The contribution rates for fiscal year 2005 and related actuarial information for each plan is as follows:

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Contribution Rates:		
City *	1.08%	16.30%
Plan Members	3.2 - 8.86%	2.0% - 3.28%
Actuarial valuation date	December 31, 2004	June 30, 2005
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent, open	Level percent, closed
Remaining amortization period	15 years for unfunded actuarial liabilities	15 years for unfunded actuarial liabilities
Asset valuation method	2 year smoothed market, reset to market value as of December 31, 2003	3 year smoothed market
Actuarial assumptions:		
Investment rate of return**	7%	7.5%
Projected salary increases	4% - 6.7%	4% - 8%
Post-retirement benefit changes	none	none

* Employer contributions.

** Includes inflation at 4% and cost-of-living adjustments.

7. Retirement Plans, continued:

Three year trend information:

	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police and Fire Retirement System	June 30, 2003	\$ -	100%	\$ -
	* Six months ended December 31, 2003	525,967	100	-
	December 31, 2004	727,754	100	-
General Retirement System	June 30, 2003	1,600,534	100	-
	June 30, 2004	5,916,496	100	-
	June 30, 2005	8,632,941	100	-

* The Police and Fire Retirement System changed to a December 31 year-end. Accordingly, the financial statements present six months of activity.

Police and Fire Retirement System:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
June 30, 2003	\$ 270,208,638	\$ 276,876,491	\$ 6,667,853	98%	\$ 33,543,566	20%
December 31, 2003	301,845,219	276,065,502	(25,779,717)	109%	33,101,130	0%
December 31, 2004	315,021,806	285,041,937	(29,979,869)	111%	32,543,780	0%

General Retirement System:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
June 30, 2003	\$ 270,637,794	\$ 297,568,110	\$ 26,930,316	91%	\$ 51,005,278	53%
June 30, 2004	282,160,341	307,762,043	25,601,702	92%	51,752,109	49%
June 30, 2005	305,533,088	334,554,231	29,021,143	91%	53,451,352	54%

8. Inter-fund Receivables, Payables and Transfers

Inter-fund receivables and payables at June 30, 2005 represent temporary cash flow assistance from the General Fund and are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,385,046	\$ -
Major Streets	-	783,775
Local Streets	-	535,958
Fiduciary	-	66,348
Fiduciary-(timing difference due to a different year end)	-	(1,035)
	<u>\$ 1,385,046</u>	<u>\$ 1,385,046</u>

Inter-fund transfers for the year ended June 30, 2005 were as follows:

<u>Fund Type</u>	<u>Fund</u>	<u>Primary Reason for the Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:	General	Internal cost allocation for services provided to other funds and support from Budget Stabilization Fund	\$ 8,509,509	\$ -
		Debt service, and support of Museum and Street Funds	-	6,891,033
	Library	Debt service	-	1,716,400
	Museum	Support from General Fund	1,907,222	20,064
	Refuse	Internal cost allocation program	-	205,160
	Major Streets	Support of Street Capital and Local St. operations	-	7,741,435
	Local Streets	Support from Major Streets Fund	1,750,000	146,215
	Streets Capital	Support from Major Streets Fund	5,700,000	-
	General Capital	Debt service	-	2,507,759
	Building Authority	Return of unspent monies to contributing fund	-	354,828
	Non-major Governmental	Transfers to pay debt service by various funds	8,254,424	-
		Support of General Fund by Budget Stabilization Fund	-	3,006,532
Enterprise Funds:	Water Supply System	From Sewage Disposal Fund for customer service	2,037,157	-
		Internal cost allocation program	-	1,103,723
	Sewage Disposal System	Allocated cost of customer service and internal costs	-	2,933,138
	Auto Parking System	Internal cost allocation program	-	1,470,255
Internal Service Funds:	Non-Major Proprietary	General Fund support of cemetery operations	390,341	167,503
	Information Technology	Internal cost allocation program	-	185,467
	Motor Equipment	Internal cost allocation program	-	413,015
	Facilities Management	Internal cost allocation program	-	212,949
	Central Stores	Internal cost allocation program	-	216,099
	Engineering	Compensated absence accrual from General Fund	309,118	-
		Internal cost allocation program	-	428,563
	Insurance Payment	Allocation of worker's comp. and public liability costs	1,062,984	200,617
			<u>\$ 29,920,755</u>	<u>\$ 29,920,755</u>

9. Commitments, Contingencies, Related Party Transactions and Subsequent Events

1. **Federal and State Grants**—The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although no amounts have been claimed, such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes such disallowance, if any, will be immaterial.
2. **Remediation Sites**—In addition to sites for which the City reached remediation agreements with the appropriate regulatory bodies, the City has received notice that ground contamination has been discovered on certain properties, either currently owned or previously utilized by the City. The ultimate remediation methods and liability, if any, are presently impossible to estimate. The City is currently analyzing the site in an effort to understand its potential liability, the extent of the contamination and appropriate remediation methods.
3. **Swap Agreement**—In March 1993, the City entered into an interest rate swap agreement with a bank to fix the rate of interest paid on the \$40,900,000 1993 Water System Demand Revenue Refunding Bonds. The interest rate on the bonds is guaranteed at 5% over the term of the bonds. The bonds carry mandatory annual sinking fund redemptions through January 1st, 2020. Annual redemptions reduce the notional amount on which interest rate payments are made. Net interest differentials that will be paid or received under the agreement are accrued and included as adjustments to interest expense.
4. **Litigation**—In the normal course of its activities, the City becomes a party in various legal actions. In the opinion of the City attorney, adequate reserves have been established for the potential liability for all claims.
5. **Post-Employment Benefits**—As required by union agreements, the City pays the annual health care expenses for all qualified retirees and their eligible dependents until the retirees reach age 65. Generally, employees are eligible at age 50, after 30 years of service (except for police and fire employees, for whom there is no years of service requirement) or upon becoming disabled. The Insurance Payment Fund charges the appropriate City funds for the estimated annual health care costs of the above retirees. At June 30, 2005, there were 451 retirees eligible to receive benefits. The charge to the appropriate City funds, during the year ended June 30, 2005, was approximately \$4,789,600.
6. **Bond Issue**—In October, 2005, the City of Grand Rapids issued Sanitary Sewer System Revenue Bonds in the amount of \$51,525,000. The proceeds of the bonds will be used for the separation of combined sanitary and storm sewers including the construction of new sewers to provide the separate conveyance of storm water and sanitary sewage, a new force main, a new relief sewer, and other upgrading to increase pump capacity. The anticipated bonds will be self-liquidating bonds and will not be a general obligation of the City, debt service will be funded solely from the net revenues derived from operation of the Sewer System.
7. **Operating Leases**—The City entered into a lease agreement with the County in October 1998, whereby the City leases part of the new courthouse facility from the County. The lease is scheduled to expire in fiscal year 2026, and includes operation and maintenance fees. Lease payments to the County for fiscal year 2005 were \$2,810,355. Total future lease payments are as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Due</u>
2006	\$ 2,899,624
2007	2,894,078
2008	2,894,611
2009	2,895,240
2010	2,896,784
2011-2026	46,416,579

9. Commitments, Contingencies, Related Party Transactions and Subsequent Events, continued:

During fiscal year 2005, the City leased operating facilities at 1120 Monroe Avenue from the 1120 Monroe Associates Limited Partnership under a March 1998 lease agreement set to expire in 2008. The rent is adjusted annually based on the CPI, total future lease payments are calculated using the maximum 3% increase allowed by the lease agreement, and are as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Due</u>
2006	\$ 385,568
2007	397,135
2008	409,049

10. Deferred Compensation Plans

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The plan, available to all City employees, permits deferral of a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or listed emergency. All amounts of compensation deferred under the plan, all property and rights purchased with such amounts and all income attributable to such amounts, property or rights are solely the property and rights of the Participants. At June 30, 2005, the total fair market value of plan assets was approximately \$56,399,000. Net of the effect of employee contributions, withdrawals and earnings, the fair market value of plan assets increased \$2,378,000 for the year ended June 30, 2005. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent administrator.

The City also offers to executive and appointed employees a defined contribution contributory savings plan created in accordance with IRC Section 401(a). Participants with the 401(a) plan may also participate in the 457 plan to specified limits; however, they may not participate in the City's retirement systems. Participants are immediately vested in required employee contributions at 6% and employer contributions at specified percentages (determined by City Ordinance) of employees' current salaries. Plan contributions are maintained with earnings in a deferred account for each participant. The financial information is prepared using the modified accrual basis of accounting. At June 30, 2005, there were 20 active and 18 terminated plan participants. The total fair market value of plan assets for both groups of participants was approximately \$6,919,000. Contributions made by employees and the City totaled \$126,000 and \$432,000 respectively, for the fiscal year ended June 30, 2005.

11. Prior Period Adjustments

Subsequent to the issuance of the Comprehensive Annual Financial Report (the "CAFR") for fiscal year 2004, an item was identified which requires correction of amounts included in that report. Under the modified accrual basis of accounting, it was determined that various loan programs operated using federal block grant funding should not have reported as an asset, Loans Receivable, but rather should have more properly been reported as revenues and expenditures at the time the cash flows were available to the City. The adjustment is reflected in the financial statements as follows:

	<u>Special Revenue Grants Fund</u>	<u>Total Governmental Fund Balance</u>
Fund Balance as reported at June 30, 2004	\$ 8,711,998	\$ 65,948,564
Adjustment	<u>(9,082,969)</u>	<u>(9,082,969)</u>
Fund Balance, as restated	<u>\$ (370,971)</u>	<u>\$ 56,865,595</u>

Beginning in fiscal year 2005, the 61st District Court became a component unit. Prior to that, it was included in the general fund. The Engineering Department, which also was included in the general fund in prior years, became an internal service fund. The effect on the Net Assets of governmental activities resulting from these changes and correction for the loans stated above is as follows:

	<u>Net Assets</u>
Net Assets as reported at June 30, 2004	\$ 165,399,878
Adjustment for correction of loan accounting	(9,082,969)
Adjustment for District Court and Engineering	<u>(731,017)</u>
Net Assets, as restated	<u>\$ 155,585,892</u>

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
General Fund
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Property taxes	\$ 11,310,478	\$ 11,579,453	\$ 11,675,272	\$ 95,819
City income taxes	50,660,098	50,198,068	52,200,815	2,002,747
State shared taxes	25,999,333	24,092,909	23,604,093	(488,816)
Licenses and permits	239,050	259,050	213,435	(45,615)
Fines and forfeitures	2,850,000	3,072,500	564,655	(2,507,845)
Federal grants	3,236,531	2,278,001	1,453,133	(824,868)
State grants	1,180,495	622,292	427,045	(195,247)
Other agencies grants	240,051	141,780	1,032,594	890,814
Charges for services	14,873,209	16,193,893	13,837,612	(2,356,281)
Investment earnings	753,342	735,228	901,846	166,618
Miscellaneous	1,748,953	2,066,946	1,290,121	(776,825)
Total revenues	113,091,540	111,240,120	107,200,621	(4,039,499)
Expenditures:				
Current:				
General government	26,787,495	28,210,274	27,471,100	739,174
Public safety	57,777,702	59,294,413	58,748,542	545,871
Public works	4,506,425	4,697,344	4,390,589	306,755
Culture and recreation	7,096,526	8,454,200	8,284,517	169,683
Urban and community development	6,171,566	6,225,750	5,221,872	1,003,878
Debt service:				
Principal	804,224	759,737	556,187	203,550
Interest and paying agent fees	166,190	166,190	578,287	(412,097)
Total expenditures	103,310,128	107,807,908	105,251,094	2,556,814
Excess (deficit) of revenues over expenditures	9,781,412	3,432,212	1,949,527	(1,482,685)
Other financing sources (uses):				
Transfers in	8,403,401	8,778,302	8,509,509	(268,793)
Transfers out	(4,271,122)	(4,762,387)	(6,891,033)	(2,128,646)
Total other financing sources (uses)	4,132,279	4,015,915	1,618,476	(2,397,439)
Net change in fund balances	13,913,691	7,448,127	3,568,003	(3,880,124)
Fund balances, beginning	15,433,073	15,433,073	15,433,073	-
Fund balances, ending	\$ 29,346,764	\$ 22,881,200	\$ 19,001,076	\$ (3,880,124)

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Public Library
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Property taxes	\$ 9,886,995	\$ 9,886,995	\$ 9,493,401	\$ (393,594)
Fines and forfeitures	270,000	270,000	195,160	(74,840)
Federal grants	-	-	125,000	125,000
State grants	272,481	272,481	172,308	(100,173)
Other agencies grants	450,000	450,000	438,370	(11,630)
Charges for services	190,565	190,565	260,219	69,654
Investment earnings	101,000	101,000	136,276	35,276
Total revenues	<u>11,171,041</u>	<u>11,171,041</u>	<u>10,820,734</u>	<u>(350,307)</u>
Expenditures:				
Current:				
Culture and recreation	8,022,903	8,019,956	7,997,534	22,422
Capital outlay:	<u>1,438,796</u>	<u>1,437,325</u>	<u>1,157,348</u>	<u>279,977</u>
Total expenditures	<u>9,461,699</u>	<u>9,457,281</u>	<u>9,154,882</u>	<u>302,399</u>
Excess (deficit) of revenues over expenditures	<u>1,709,342</u>	<u>1,713,760</u>	<u>1,665,852</u>	<u>(47,908)</u>
Other financing sources (uses):				
Transfers out	<u>(1,716,400)</u>	<u>(1,716,400)</u>	<u>(1,716,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,716,400)</u>	<u>(1,716,400)</u>	<u>(1,716,400)</u>	<u>-</u>
Net change in fund balances	(7,058)	(2,640)	(50,548)	(47,908)
Fund balances, beginning	<u>2,165,466</u>	<u>2,165,466</u>	<u>2,165,466</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,158,408</u>	<u>\$ 2,162,826</u>	<u>\$ 2,114,918</u>	<u>\$ (47,908)</u>

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Museum
for the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal grants				
State grants	\$ -	\$ -	\$ 2,195	\$ 2,195
Other grants & contributions	134,300	134,300	236,389	102,089
Charges for services	250,000	250,000	2,417,644	2,167,644
Investment earnings	1,331,711	1,331,711	2,798,905	1,467,194
Miscellaneous	-	-	11,240	11,240
Total revenues	65,000	65,000	299,066	234,066
	<u>1,781,011</u>	<u>1,781,011</u>	<u>5,765,439</u>	<u>3,984,428</u>
Expenditures:				
Current:				
Culture and recreation				
Total expenditures	3,819,326	3,819,326	7,137,885	(3,318,559)
	<u>3,819,326</u>	<u>3,819,326</u>	<u>7,137,885</u>	<u>(3,318,559)</u>
Excess (deficit) of revenues over expenditures	(2,038,315)	(2,038,315)	(1,372,446)	665,869
	<u>(2,038,315)</u>	<u>(2,038,315)</u>	<u>(1,372,446)</u>	<u>665,869</u>
Other financing sources (uses):				
Transfers in				
Transfers out	2,102,222	2,102,222	1,907,222	(195,000)
Total other financing sources (uses)	(20,064)	(20,064)	(20,064)	-
	<u>2,082,158</u>	<u>2,082,158</u>	<u>1,887,158</u>	<u>(195,000)</u>
Net change in fund balances	43,843	43,843	514,712	470,869
Fund balances (deficit), beginning	(228,693)	(228,693)	(228,693)	-
Fund balances (deficit), ending	<u>\$ (184,850)</u>	<u>\$ (184,850)</u>	<u>\$ 286,019</u>	<u>\$ 470,869</u>

Note: Both budgeted and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Refuse
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 6,015,881	\$ 6,015,881	\$ 5,778,172	\$ (237,709)
State grants	-	-	96,729	(96,729)
Charges for services	5,358,438	5,358,438	4,599,103	(759,335)
Investment earnings	75,847	75,847	116,336	40,489
Total revenues	<u>11,450,166</u>	<u>11,450,166</u>	<u>10,590,340</u>	<u>(1,053,284)</u>
Expenditures:				
Current:				
Public works	10,972,510	11,293,644	10,416,884	876,760
Capital outlay:	<u>323,218</u>	<u>752,218</u>	<u>20,661</u>	<u>731,557</u>
Total expenditures	<u>11,295,728</u>	<u>12,045,862</u>	<u>10,437,545</u>	<u>1,608,317</u>
Excess (deficit) of revenues over expenditures	<u>154,438</u>	<u>(595,696)</u>	<u>152,795</u>	<u>555,033</u>
Other financing sources (uses):				
Transfers out	<u>(205,160)</u>	<u>(205,160)</u>	<u>(205,160)</u>	<u>-</u>
Total other financing sources (uses)	<u>(205,160)</u>	<u>(205,160)</u>	<u>(205,160)</u>	<u>-</u>
Net change in fund balances	(50,722)	(800,856)	(52,365)	555,033
Fund balances, beginning	<u>2,520,124</u>	<u>2,520,124</u>	<u>2,520,124</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,469,402</u>	<u>\$ 1,719,268</u>	<u>\$ 2,467,759</u>	<u>\$ 555,033</u>

Note: Both budgeted and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Streets

for the year ended June 30, 2005

	Major Streets				Local Streets			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
Revenues:								
State shared taxes	\$ 10,943,407	\$ 10,943,407	\$ 10,928,457	\$ (14,950)	\$ 2,963,580	\$ 2,963,580	\$ 2,927,308	\$ (36,272)
Charges for services	2,100,250	2,100,250	2,516,778	416,528	416,000	416,000	57,443	(358,557)
Investment earnings	240,000	240,000	300,619	60,619	1,000	1,000	191	(809)
Miscellaneous	36,000	36,000	44,741	8,741	-	-	3,363	3,363
Total revenues	13,319,657	13,319,657	13,790,595	470,938	3,380,580	3,380,580	2,988,305	(392,275)
Expenditures:								
Current:								
Public works	8,582,442	8,988,280	8,407,763	580,517	4,533,362	4,653,257	5,060,539	(407,282)
Debt service:								
Principal	-	-	170,247	(170,247)	-	-	-	-
Interest and paying agent fees	-	-	62,418	(62,418)	-	-	-	-
Total expenditures	8,582,442	8,988,280	8,640,428	347,852	4,533,362	4,653,257	5,060,539	(407,282)
Excess (deficit) of revenues over expenditures	4,737,215	4,331,377	5,150,167	818,790	(1,152,782)	(1,272,677)	(2,072,234)	(799,557)
Other financing sources (uses):								
Transfers in	(1,334,000)	(1,334,000)	-	1,334,000	1,750,000	1,750,000	1,750,000	-
Transfers out	(6,223,849)	(6,223,849)	(7,741,435)	(1,517,586)	(562,215)	(562,215)	(146,215)	416,000
Total other financing sources (uses)	(7,557,849)	(7,557,849)	(7,741,435)	(183,586)	1,187,785	1,187,785	1,603,785	416,000
Net change in fund balances	(2,820,634)	(3,226,472)	(2,591,268)	635,204	35,003	(84,892)	(468,449)	(383,557)
Fund balances, beginning	4,366,105	4,366,105	4,366,105	-	323,948	323,948	323,948	-
Fund balances (deficit), ending	\$ 1,545,471	\$ 1,139,633	\$ 1,774,837	\$ 635,204	\$ 358,951	\$ 239,056	\$ (144,501)	\$ (383,557)

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
General Government - Fiscal and Administrative:				
Executive Offices:				
Personal services	\$ 1,010,444	\$ 991,444	\$ 1,024,376	\$ (32,932)
Supplies	16,000	16,000	10,525	5,475
Services and charges	285,979	580,379	324,682	255,697
Capital Outlay	1,000	1,000	2,835	(1,835)
	<u>1,313,423</u>	<u>1,588,823</u>	<u>1,362,418</u>	<u>226,405</u>
Human Resources:				
Personal services	2,021,271	2,021,271	2,084,370	(63,099)
Supplies	53,697	51,544	37,221	14,323
Services and charges	<u>784,002</u>	<u>794,017</u>	<u>741,119</u>	<u>52,898</u>
	<u>2,858,970</u>	<u>2,866,832</u>	<u>2,862,710</u>	<u>4,122</u>
Comptroller:				
Personal services	1,268,207	1,351,207	1,331,712	19,495
Supplies	26,000	40,750	45,411	(4,661)
Services and charges	<u>1,278,389</u>	<u>1,280,629</u>	<u>1,252,167</u>	<u>28,462</u>
	<u>2,572,596</u>	<u>2,672,586</u>	<u>2,629,290</u>	<u>43,296</u>
Treasurer:				
Personal services	999,146	1,002,241	960,584	41,657
Supplies	71,290	71,290	62,613	8,677
Services and charges	<u>337,683</u>	<u>338,259</u>	<u>290,151</u>	<u>48,108</u>
	<u>1,408,119</u>	<u>1,411,790</u>	<u>1,313,348</u>	<u>98,442</u>
Assessor:				
Personal services	1,498,416	1,498,416	1,416,156	82,260
Supplies	44,900	44,900	34,980	9,920
Services and charges	284,826	281,486	275,963	5,523
Capital Outlay	4,200	4,200	2,142	2,058
	<u>\$ 1,832,342</u>	<u>\$ 1,829,002</u>	<u>\$ 1,729,241</u>	<u>\$ 99,761</u>

continued

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Fiscal services:				
Personal services	\$ 810,470	\$ 810,470	\$ 855,301	\$ (44,831)
Supplies	9,745	11,692	15,730	(4,038)
Services and charges	335,842	332,843	240,054	92,789
	<u>1,156,057</u>	<u>1,155,005</u>	<u>1,111,085</u>	<u>43,920</u>
Income tax:				
Personal services	-	-	-	-
Supplies	1,163,604	1,163,604	1,218,102	(54,498)
Services and charges	170,203	170,203	156,474	13,729
	<u>217,994</u>	<u>217,994</u>	<u>208,234</u>	<u>9,760</u>
	<u>1,551,801</u>	<u>1,551,801</u>	<u>1,582,810</u>	<u>(31,009) *</u>
Attorney:				
Personal services	-	-	-	-
Supplies	1,682,617	1,718,117	1,812,737	(94,620)
Services and charges	84,400	84,400	41,261	43,139
	<u>460,162</u>	<u>460,035</u>	<u>253,256</u>	<u>206,779</u>
	<u>2,227,179</u>	<u>2,262,552</u>	<u>2,107,254</u>	<u>155,298</u>
Clerk:				
Personal services	-	-	-	-
Supplies	1,044,403	1,044,403	1,111,749	(67,346)
Services and charges	64,200	95,716	66,141	29,575
Capital Outlay	297,755	297,755	293,112	4,643
	<u>-</u>	<u>-</u>	<u>9,376</u>	<u>(9,376)</u>
	<u>1,406,358</u>	<u>1,437,874</u>	<u>1,480,378</u>	<u>(42,504) *</u>
Management Services:				
Personal services	-	-	-	-
Supplies	207,090	207,090	219,291	(12,201)
Services and charges	5,000	5,000	3,444	1,556
	<u>294,978</u>	<u>294,978</u>	<u>201,557</u>	<u>93,421</u>
	<u>507,068</u>	<u>507,068</u>	<u>424,292</u>	<u>82,776</u>
Total general government - fiscal and administrative	\$ 16,833,913	\$ 17,283,333	\$ 16,602,826	\$ 680,507 continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
General purpose:				
General administration:				
Personal services	\$ 3,998,824	\$ 3,998,824	\$ 3,463,656	\$ 535,168
Supplies	19,500	19,500	5,003	14,497
Services and charges	5,935,258	6,808,167	7,299,165	(490,998)
Capital Outlay	-	100,450	100,450	-
Total general purpose	9,953,582	10,926,941	10,868,274	58,667
Total General Government	26,787,495	28,210,274	27,471,100	739,174
Public safety:				
Police:				
Personal services	30,351,954	30,351,954	31,272,583	(920,629)
Supplies	539,204	529,525	554,381	(24,856)
Services and charges	6,483,893	7,037,028	5,787,158	1,249,870
Capital Outlay	10,000	10,000	100	9,900
	<u>37,385,051</u>	<u>37,928,507</u>	<u>37,614,222</u>	<u>314,285</u>
Fire:				
Personal services	18,639,000	19,591,159	19,592,525	(1,366)
Supplies	269,941	264,546	277,174	(12,628)
Services and charges	1,395,282	1,381,406	1,191,645	189,761
Capital Outlay	88,428	128,795	72,976	55,819
	<u>20,392,651</u>	<u>21,365,906</u>	<u>21,134,320</u>	<u>231,586</u>
Total public safety	\$ 57,777,702	\$ 59,294,413	\$ 58,748,542	\$ 545,871

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Public works:				
Air pollution/stormwater management:				
Personal services	\$ 485,376	\$ 485,376	\$ 355,833	\$ 129,543
Supplies	5,907	5,250	1,003	4,247
Services and charges	104,845	173,395	233,850	(60,455)
Capital Outlay	4,529	4,529	-	4,529
	<u>600,657</u>	<u>668,550</u>	<u>590,686</u>	<u>77,864</u>
Traffic Safety:				
Personal services	983,493	983,493	997,324	(13,831)
Supplies	313,962	435,850	321,238	114,612
Services and charges	1,935,018	1,934,806	1,862,890	71,916
Capital Outlay	6,750	8,100	4,991	3,109
	<u>3,239,223</u>	<u>3,362,249</u>	<u>3,186,443</u>	<u>175,806</u>
Parking/government center ramp:				
Services and charges	666,545	666,545	613,460	53,085
	<u>666,545</u>	<u>666,545</u>	<u>613,460</u>	<u>53,085</u>
Total public works	<u>4,506,425</u>	<u>4,697,344</u>	<u>4,390,589</u>	<u>306,755</u>
Recreation and culture:				
Parks and recreation:				
Personal services	5,092,799	6,005,039	6,160,081	(155,042)
Supplies	637,027	867,400	834,889	32,511
Services and charges	1,309,766	1,525,640	1,263,515	262,125
Capital Outlay	56,934	56,121	26,032	30,089
Total recreation and culture	<u>\$ 7,096,526</u>	<u>\$ 8,454,200</u>	<u>\$ 8,284,517</u>	<u>\$ 169,683</u>

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Urban development:				
Planning:				
Personal services	\$ 1,275,155	\$ 1,275,155	\$ 1,255,256	\$ 19,899
Supplies	37,174	58,000	54,849	3,151
Services and charges	446,907	423,709	312,689	111,020
	<u>1,759,236</u>	<u>1,756,864</u>	<u>1,622,794</u>	<u>134,070</u>
Economic Development:				
Personal services	220,702	220,702	229,310	(8,608)
Supplies	1,750	1,750	2,600	(850)
Services and charges	54,605	54,605	30,604	24,001
	<u>277,057</u>	<u>277,057</u>	<u>262,514</u>	<u>14,543</u>
Neighborhood Improvement:				
Personal services	1,836,419	1,836,419	1,479,729	356,690
Supplies	53,707	53,500	44,560	8,940
Services and charges	506,102	517,865	351,206	166,659
Capital Outlay	-	45,000	45,014	(14)
	<u>2,396,228</u>	<u>2,452,784</u>	<u>1,920,509</u>	<u>532,275</u>
Community Development:				
Personal services	982,986	982,986	837,825	145,161
Supplies	53,707	53,707	12,265	41,442
Services and charges	702,352	702,352	565,965	136,387
	<u>1,739,045</u>	<u>1,739,045</u>	<u>1,416,055</u>	<u>322,990</u>
Total urban development	<u>6,171,566</u>	<u>6,225,750</u>	<u>5,221,872</u>	<u>1,003,878</u>
Debt Service				
Principal	804,224	759,737	556,187	203,550
Interest	166,190	166,190	578,287	(412,097)
Total debt service	<u>970,414</u>	<u>925,927</u>	<u>1,134,474</u>	<u>(208,547)</u>
Total expenditures	<u>\$ 103,310,128</u>	<u>\$ 107,807,908</u>	<u>\$ 105,251,094</u>	<u>\$ 2,556,814</u>

* The legal level of budgetary control is the department level. These departments had expenditures in excess of appropriations.

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds						
	Grants	Michigan Justice Training	Vehicle Storage Facility	Neighborhood Business Improvement	Building Inspections	DNR Properties	Sidewalk Repair
ASSETS							Budget Stabilization
Equity in pooled cash and investments	\$ 148,763	\$ 133,423	\$ 164,195	\$ 772,289	\$ 188,678	\$ 352,661	\$ 590,250
Receivables, net	-	-	564	16,655	-	-	173,339
Inventories	-	-	-	-	-	-	-
Due from other governmental units	166,805	-	-	-	-	-	-
Total assets	<u>\$ 315,568</u>	<u>\$ 133,423</u>	<u>\$ 164,759</u>	<u>\$ 788,944</u>	<u>\$ 188,678</u>	<u>\$ 352,661</u>	<u>\$ 763,589</u>
							<u>\$ 1,688,325</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ 305,684	\$ 445	\$ 46,293	\$ 13,606	\$ 7,984	\$ 13,736	\$ 159,877
Total liabilities	<u>305,684</u>	<u>445</u>	<u>46,293</u>	<u>13,606</u>	<u>7,984</u>	<u>13,736</u>	<u>159,877</u>
Fund balances:							
Reserved for:							
Perpetual Care	-	-	-	-	-	-	-
Trust Principal	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Unreserved:							
Debt service	-	-	-	-	-	-	-
Designated for ensuing year budget	-	-	-	-	-	-	-
Designated for compensated absences	-	-	-	153,098	-	38,741	119,136
Undesignated	9,884	132,978	22,199	-	157,217	10,843	27,866
Total fund balances	<u>9,884</u>	<u>132,978</u>	<u>96,267</u>	<u>622,240</u>	<u>23,477</u>	<u>289,341</u>	<u>456,710</u>
Total liabilities and fund balances	<u>\$ 315,568</u>	<u>\$ 133,423</u>	<u>\$ 164,759</u>	<u>\$ 788,944</u>	<u>\$ 188,678</u>	<u>\$ 352,661</u>	<u>\$ 763,589</u>
							<u>\$ 1,688,325</u>

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds				Debt Service Funds	Permanent Fund	Total Nonmajor Governmental Funds
	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Grand Rapids Building Authority	Cemeteries Perpetual Care	
ASSETS							
Equity in pooled cash and investments	\$ 1,702,736	\$ 165,024	\$ 753,587	\$ 176,748	\$ 640,043	\$ 3,372,060	\$ 10,848,782
Receivables, net	-	-	2,317	-	-	34,633	227,508
Inventories	-	-	-	-	-	20,382	20,382
Due from other governmental units	-	-	-	-	-	-	166,805
Total assets	<u>\$ 1,702,736</u>	<u>\$ 165,024</u>	<u>\$ 755,904</u>	<u>\$ 176,748</u>	<u>\$ 640,043</u>	<u>\$ 3,427,075</u>	<u>\$ 11,263,477</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ 99,141	\$ 2,151	\$ -	\$ 74,544	\$ -	\$ -	\$ 723,461
Total liabilities	<u>99,141</u>	<u>2,151</u>	<u>-</u>	<u>74,544</u>	<u>-</u>	<u>-</u>	<u>723,461</u>
Fund balances:							
Reserved for:							
Perpetual Care	-	-	-	-	-	3,406,693	3,406,693
Trust Principal	-	25,000	-	-	-	-	25,000
Inventories	-	-	-	-	-	20,382	20,382
Unreserved:							
Debt service	-	-	-	-	640,043	-	640,043
Designated for ensuing year budget	-	-	-	300	-	-	311,275
Designated for compensated absences	15,107	-	20,524	-	-	-	253,756
Undesignated	<u>1,588,488</u>	<u>137,873</u>	<u>735,380</u>	<u>101,904</u>	<u>-</u>	<u>-</u>	<u>5,882,867</u>
Total fund balances	<u>1,603,595</u>	<u>162,873</u>	<u>755,904</u>	<u>102,204</u>	<u>640,043</u>	<u>3,427,075</u>	<u>10,540,016</u>
Total liabilities and fund balances	<u>\$ 1,702,736</u>	<u>\$ 165,024</u>	<u>\$ 755,904</u>	<u>\$ 176,748</u>	<u>\$ 640,043</u>	<u>\$ 3,427,075</u>	<u>\$ 11,263,477</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2005

	Special Revenue Funds						
	Grants	Michigan Justice Training	Vehicle Storage Facility	Neighborhood Business Improvement	Building Inspections	DNR Properties	Budget Stabilization
Revenues:							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 2,292,263	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-
Federal grants	8,641,936	-	-	-	-	-	-
State grants	-	76,904	-	-	-	-	-
Other agencies grants	424,834	-	-	-	-	-	-
Charges for services	1,978	-	641,350	-	110,941	-	-
Investment Earnings	62,224	2,853	4,256	18,597	86	-	-
Miscellaneous	1,995,249	-	38	286,674	-	6,653	-
Total revenues	11,126,221	79,757	645,644	305,271	2,403,290	249,023	-
Expenditures:							
Current:							
Public safety	-	72,348	-	-	-	-	-
Public works	-	-	666,515	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban and community development	10,722,871	-	-	-	-	1,814,618	-
Debt service:							
Principal	20,887	-	-	228,375	2,229,010	178,799	-
Interest and paying agent fees	-	-	-	-	-	-	-
Total expenditures	10,743,758	72,348	666,515	228,375	2,229,010	178,799	-
Excess (deficiency) of revenues over expenditures	382,463	7,409	(20,871)	76,896	174,280	76,877	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(1,608)	-	(55,906)	-	158,372	30,000	-
Sale of capital assets	-	-	-	-	(186,412)	-	(2,646,550)
Discount on refunding bonds	-	-	-	-	-	-	2,544,000
Refunding bonds issued	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,608)	-	(55,906)	-	(28,040)	30,000	(102,550)
Net change in fund balances	380,855	7,409	(76,777)	76,896	146,240	106,877	(102,550)
Fund balances (deficits), beginning	(370,971)	125,569	195,243	698,442	34,454	609,665	1,790,875
Fund balances, ending	\$ 9,884	\$ 132,978	\$ 118,466	\$ 775,338	\$ 180,694	\$ 338,925	\$ 1,688,325

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2005

	Special Revenue Funds				Debt Service Funds		Permanent Fund	Total Nonmajor
	Drug Law	General	Economic	Downtown	Grand Rapids	Public Act	Cemeteries	Governmental
	Enforcement	Special	Development	Improvement	Building	175	Perpetual Care	Funds
		Revenue		District	Authority			
Revenues:								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,292,263
Fines and forfeitures	719,804	-	-	-	-	-	-	719,804
Federal grants	-	-	-	-	-	-	-	8,641,936
State grants	-	-	-	-	-	-	-	76,904
Other agencies grants	27,497	4,491	-	-	-	-	-	456,822
Charges for services	-	1,896	23,000	593,965	-	-	-	3,250,721
Investment Earnings	40,331	3,589	17,764	5,719	25,749	-	51,493	282,749
Miscellaneous	-	-	-	-	3,989	-	86,646	2,534,973
Total revenues	787,632	9,976	40,764	599,684	29,738	-	138,139	18,256,172
Expenditures:								
Current:								
Public safety	679,157	-	-	-	-	-	-	751,505
Public works	-	-	-	-	-	-	-	2,481,133
Culture and recreation	-	22,727	-	-	-	-	-	22,727
Urban and community development	-	-	65,883	573,543	-	-	-	13,998,481
Debt service:								
Principal	-	-	-	-	2,638,303	820,000	-	3,479,190
Interest and paying agent fees	-	-	-	-	4,288,205	563,618	-	4,851,823
Total expenditures	679,157	22,727	65,883	573,543	6,926,508	1,383,618	-	25,584,859
Excess (deficiency) of revenues over expenditures	108,475	(12,751)	(25,119)	26,141	(6,896,770)	(1,383,618)	138,139	(7,328,687)
Other financing sources (uses):								
Transfers in	-	-	-	-	6,593,881	1,383,618	88,553	8,254,424
Transfers out	-	-	-	-	-	-	(90,341)	(3,006,532)
Sale of capital assets	-	-	-	-	-	-	-	2,544,000
Discount on refunding bonds	-	-	-	-	(81,063)	-	-	(81,063)
Refunding bonds issued	-	-	-	-	13,443,001	-	-	13,443,001
Payment to refunded bond escrow agent	-	-	-	-	(13,030,000)	-	-	(13,030,000)
Total other financing sources (uses)	-	-	-	-	6,925,819	1,383,618	(1,788)	8,123,830
Net change in fund balances	108,475	(12,751)	(25,119)	26,141	29,049	-	136,351	795,143
Fund balances (deficits), beginning	1,495,120	175,624	781,023	76,063	610,994	-	3,290,724	9,744,873
Fund balances, ending	\$ 1,603,595	\$ 162,873	\$ 755,904	\$ 102,204	\$ 640,043	\$ -	\$ 3,427,075	\$ 10,540,016

City of Grand Rapids
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget to Actual
Non-major Governmental Funds
for the year ended June 30, 2005

	Budget				Actual				Net Variance
	Revenues	Expenditures	Net Transfers	Net	Revenues	Expenditures	Net Transfers	Net	
Grants	\$ 14,884,973	\$ 15,230,542	\$ 71,271	\$ (274,298)	\$ 11,126,221	\$ 10,743,758	\$ (1,608)	\$ 380,855	\$ 655,153
Michigan Justice Training	86,400	85,000	-	1,400	79,757	72,348	-	7,409	6,009
Vehicle Storage Facility	1,093,410	1,378,143	452,008	167,275	645,644	666,515	(55,906)	(76,777)	(244,052)
Neighborhood Business Improvement	132,000	253,000	-	(121,000)	305,271	228,375	-	76,896	197,896
Building Inspections	2,242,150	2,259,522	94,240	76,868	2,403,290	2,229,010	(28,040)	146,240	69,372
DNR Properties	88,400	196,354	85,500	(22,454)	255,676	178,799	30,000	106,877	129,331
Sidewalk Repair	1,230,000	1,315,726	(19,816)	(105,542)	1,834,380	1,814,618	(25,715)	(5,953)	99,589
Budget Stabilization	2,500,000	-	(2,646,550)	(146,550)	-	-	(102,550)	(102,550)	44,000
Drug Law Enforcement	326,000	453,781	-	(127,781)	787,632	679,157	-	108,475	236,256
General Special Revenue	1,500	-	-	1,500	9,976	22,727	-	(12,751)	(14,251)
Economic Development	12,000	-	-	12,000	40,764	65,883	-	(25,119)	(37,119)
Downtown Improvement District	622,000	657,815	-	(35,815)	599,684	573,543	-	26,141	61,956
Total	<u>\$ 23,218,833</u>	<u>\$ 21,829,883</u>	<u>\$ (1,963,347)</u>	<u>\$ (574,397)</u>	<u>\$ 18,088,295</u>	<u>\$ 17,274,733</u>	<u>\$ (183,819)</u>	<u>\$ 629,743</u>	<u>\$ 1,204,140</u>

Note: Both budgeted and actual figures are prepared in conformity with generally accepted accounting principals.

City of Grand Rapids, Michigan
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2005

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 99,914	\$ 438,325	\$ 538,239
Receivables, net	64,638	29,955	94,593
Inventory	24,854	-	24,854
Total current assets	189,406	468,280	657,686
Noncurrent assets:			
Other assets	234,601	-	234,601
Capital assets:			
Non-depreciable	5,255	-	5,255
Depreciable	1,352,407	3,680,719	5,033,126
Less accumulated depreciation	(917,871)	(1,522,966)	(2,440,837)
Total noncurrent assets	674,392	2,157,753	2,832,145
Total assets	\$ 863,798	\$ 2,626,033	\$ 3,489,831
LIABILITIES			
Current liabilities:			
Vouchers and accounts payable	\$ 26,495	\$ 12,287	\$ 38,782
Accrued interest payable	-	3,071	3,071
Notes payable, due within 1 year	-	67,552	67,552
Accrual for compensated absences	54,697	-	54,697
Total current liabilities	81,192	82,910	164,102
Noncurrent liabilities (net of portion due within 1 year):			
Contracts and notes payable	-	902,632	902,632
Total noncurrent liabilities	-	902,632	902,632
Total liabilities	81,192	985,542	1,066,734
NET ASSETS			
Invested in capital assets net of related debt	674,392	1,187,569	1,861,961
Unrestricted	108,214	452,922	561,136
Total net assets	782,606	1,640,491	2,423,097
Total liabilities and net assets	\$ 863,798	\$ 2,626,033	\$ 3,489,831

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
for the year ended June 30, 2005

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 886,011	\$ 771,168	\$ 1,657,179
Sales	207,346	122,549	329,895
Miscellaneous	1,103	-	1,103
Total operating revenues	1,094,460	893,717	1,988,177
Operating expenses:			
Personal services	1,080,819	221,539	1,302,358
Supplies and materials	179,063	124,792	303,855
Utilities	50,220	82,087	132,307
Contractual services	1,316	187,666	188,982
Other services and charges	164,589	39,160	203,749
Depreciation	56,356	161,708	218,064
Total operating expenses	1,532,363	816,952	2,349,315
Operating income (loss)	(437,903)	76,765	(361,138)
Nonoperating revenues (expenses):			
Interest revenue	6,454	11,261	17,715
Interest expense and paying agent fees	-	(45,747)	(45,747)
Total nonoperating revenues (expenses)	6,454	(34,486)	(28,032)
Income (loss) before transfers	(431,449)	42,279	(389,170)
Capital contributions	37,012	-	37,012
Transfers in	390,341	-	390,341
Transfers out	(167,503)	-	(167,503)
Change in net assets	(171,599)	42,279	(129,320)
Total net assets - beginning	954,205	1,598,212	2,552,417
Total net assets - ending	\$ 782,606	\$ 1,640,491	\$ 2,423,097

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
for the year ended June 30, 2005

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 1,063,907	\$ 890,765	\$ 1,954,672
Payments to suppliers	(399,109)	(501,171)	(900,280)
Payments to employees	(793,581)	(193,829)	(987,410)
Payments for payroll taxes and benefits	(275,368)	(27,710)	(303,078)
Other operating revenues	1,103	-	1,103
Net cash provided (used) by operating activities	(403,048)	168,055	(234,993)
Cash flows from noncapital financing activities:			
Transfers from other funds	390,341	-	390,341
Transfers to other funds	(167,503)	-	(167,503)
Net cash provided (used) by noncapital financing activities	222,838	-	222,838
Cash flows from capital and related financing activities:			
Capital contributions	45,001	-	45,001
Purchase of fixed assets	(44,044)	-	(44,044)
Sale of fixed assets	3,039	-	3,039
Principal paid on capital debt	-	(280,816)	(280,816)
Interest paid on capital debt	-	(46,540)	(46,540)
Net cash used by capital and related financing activities	3,996	(327,356)	(323,360)
Cash flows from investing activities:			
Interest received	6,454	10,937	17,391
Net increase in equity in pooled cash and investments	(169,760)	(148,364)	(318,124)
Equity in pooled cash and investments, beginning	269,674	586,689	856,363
Equity in pooled cash and investments, ending	99,914	438,325	538,239
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating Income/ (Loss)	(437,903)	76,765	(361,138)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	56,356	161,708	218,064
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(29,450)	(2,952)	(32,402)
(Increase) decrease in inventory	(24,854)	-	(24,854)
(Increase) decrease in deferred expenses	(118)	-	(118)
(Decrease) in vouchers and accounts payable	21,051	(67,466)	(46,415)
Increase in compensated absences	11,870	-	11,870
Total adjustments	34,855	91,290	126,145
Net cash provided (used) by operating activities	\$ (403,048)	\$ 168,055	\$ (234,993)

City of Grand Rapids, Michigan
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005

	Information Technology	Motor Equipment	Facilities Management	Central Stores	Insurance Payment	Engineering	Total Internal Service Funds
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 1,851,701	\$ 3,621,609	\$ 468,674	\$ 536,172	\$ 12,375,650	\$ 1,568,625	\$ 20,422,431
Receivables, net	2,512	685,590	53,847	626	352,631	42,370	1,137,576
Inventory	-	559,486	-	1,745,460	-	-	2,304,946
Deferred expenses	-	33,383	-	-	-	-	33,383
Total current assets	1,854,213	4,900,068	522,521	2,282,258	12,728,281	1,610,995	23,898,336
Noncurrent assets:							
Capital assets:							
Non-depreciable	-	-	-	196,607	-	-	196,607
Depreciable	5,620,001	36,963,827	-	-	-	-	42,583,828
Less accumulated depreciation	(4,957,672)	(25,642,768)	-	-	-	-	(30,600,440)
Total noncurrent assets	662,329	11,321,059	-	196,607	-	-	12,179,995
Total assets	\$ 2,516,542	\$ 16,221,127	\$ 522,521	\$ 2,478,865	\$ 12,728,281	\$ 1,610,995	\$ 36,078,331
LIABILITIES							
Current liabilities:							
Vouchers and accounts payable	\$ 436,120	\$ 117,583	\$ 79,292	\$ 462,823	\$ 184,611	\$ 18,012	\$ 1,298,441
Accrued interest payable	-	20,696	-	-	-	-	20,696
Health insurance claims payable	-	-	-	-	2,700,000	-	2,700,000
Current portion of general claims payable	-	-	-	-	3,775,000	-	3,775,000
Current workers' compensation liability	-	-	-	-	176,460	-	176,460
Deferred revenues	-	-	-	-	218,109	-	218,109
Current maturities of bonds & contracts payable	-	1,737,567	-	-	-	-	1,737,567
Accrued compensated absences	146,308	267,105	149,629	19,933	33,088	385,577	1,001,640
Total current liabilities	582,428	2,142,951	228,921	482,756	7,087,268	403,589	10,927,913
Noncurrent liabilities (net of current portion):							
Premium on bonds payable	-	19,258	-	-	-	-	19,258
Workers compensation liability	-	-	-	-	1,123,540	-	1,123,540
General claims payable	-	-	-	-	275,000	-	275,000
Contracts and notes payable	-	4,678,644	-	-	-	-	4,678,644
Total noncurrent liabilities	-	4,697,902	-	-	1,398,540	-	6,096,442
Total liabilities	582,428	6,840,853	228,921	482,756	8,485,808	403,589	17,024,355
NET ASSETS							
Invested in capital assets net of related debt	662,329	4,918,973	-	196,607	-	-	5,777,909
Unrestricted net assets	1,271,785	4,461,301	293,600	1,799,502	4,242,473	1,207,406	13,276,067
Total net assets	1,934,114	9,380,274	293,600	1,996,109	4,242,473	1,207,406	19,053,976
Total liabilities and net assets	\$ 2,516,542	\$ 16,221,127	\$ 522,521	\$ 2,478,865	\$ 12,728,281	\$ 1,610,995	\$ 36,078,331

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
for the year ended June 30, 2005

	Information Technology	Motor Equipment	Facilities Management	Central Stores	Insurance Payment	Engineering	Total Internal Service Funds
Operating revenues:							
Charges for services	\$ 6,747,086	\$ 7,506,878	\$ 3,440,559	\$ 3,225,723	\$ 27,574,982	\$ 5,365,900	\$ 53,861,128
Miscellaneous	6,606	122,582	233,537	-	1,176,332	893	1,539,950
Total operating revenues	<u>6,753,692</u>	<u>7,629,460</u>	<u>3,674,096</u>	<u>3,225,723</u>	<u>28,751,314</u>	<u>5,366,793</u>	<u>55,401,078</u>
Operating expenses:							
Personal services	856,424	2,725,817	1,183,664	118,373	516,128	3,534,728	8,935,134
Supplies and materials	112,858	2,418,035	333,464	2,923,414	21,878	84,411	5,894,060
Utilities	243,142	77,641	1,066,978	895	1,593	13,700	1,403,949
Contractual services	3,632,485	-	30,516	-	883,037	11,421	4,557,459
Other services and charges	1,776,000	326,286	840,378	85,303	30,466,196	412,092	33,906,255
Depreciation	424,104	3,893,657	-	-	-	-	4,317,761
Total operating expenses	<u>7,045,013</u>	<u>9,441,436</u>	<u>3,455,000</u>	<u>3,127,985</u>	<u>31,888,832</u>	<u>4,056,352</u>	<u>59,014,618</u>
Operating income (loss)	<u>(291,321)</u>	<u>(1,811,976)</u>	<u>219,096</u>	<u>97,738</u>	<u>(3,137,518)</u>	<u>1,310,441</u>	<u>(3,613,540)</u>
Nonoperating revenues (expenses):							
Interest revenue	50,257	131,660	2,663	424	329,305	16,410	530,719
Gain on sale of capital assets	-	277,713	-	-	-	-	277,713
Interest expense and paying agent fees	-	(316,960)	-	-	-	-	(316,960)
Total nonoperating revenues (expenses)	<u>50,257</u>	<u>92,413</u>	<u>2,663</u>	<u>424</u>	<u>329,305</u>	<u>16,410</u>	<u>491,472</u>
Income (loss) before transfers	<u>(241,064)</u>	<u>(1,719,563)</u>	<u>221,759</u>	<u>98,162</u>	<u>(2,808,213)</u>	<u>1,326,851</u>	<u>(3,122,068)</u>
Transfers in	-	-	-	-	1,062,984	309,118	1,372,102
Transfers out	<u>(185,467)</u>	<u>(413,015)</u>	<u>(212,949)</u>	<u>(216,099)</u>	<u>(200,617)</u>	<u>(428,563)</u>	<u>(1,656,710)</u>
Change in net assets	<u>(426,531)</u>	<u>(2,132,578)</u>	<u>8,810</u>	<u>(117,937)</u>	<u>(1,945,846)</u>	<u>1,207,406</u>	<u>(3,406,676)</u>
Total net assets, beginning	<u>2,360,645</u>	<u>11,512,852</u>	<u>284,790</u>	<u>2,114,046</u>	<u>6,188,319</u>	<u>-</u>	<u>22,460,652</u>
Total net assets, ending	<u>\$ 1,934,114</u>	<u>\$ 9,380,274</u>	<u>\$ 293,600</u>	<u>\$ 1,996,109</u>	<u>\$ 4,242,473</u>	<u>\$ 1,207,406</u>	<u>\$ 19,053,976</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2005

	Information Technology	Motor Equipment	Facilities Management	Central Stores	Insurance Payment	Engineering	Total Internal Service Funds
Cash flows from operating activities:							
Receipts from customers	\$ 6,747,265	\$ 7,071,956	\$ 3,433,854	\$ 3,225,363	\$ 27,782,907	\$ 5,325,091	\$ 53,586,436
Payments to suppliers	(5,874,485)	(2,992,708)	(2,405,959)	(2,693,669)	(31,805,713)	(503,612)	(46,276,146)
Payments to employees	(603,994)	(1,799,928)	(756,673)	(80,620)	(318,787)	(2,161,784)	(5,721,786)
Payments for payroll taxes and benefits	(237,570)	(898,890)	(404,642)	(48,897)	(198,463)	(987,367)	(2,775,829)
Other operating revenues	6,606	122,582	233,537	-	1,176,332	893	1,539,950
Net cash provided (used) by operating activities	37,822	1,503,012	100,117	402,177	(3,363,724)	1,673,221	352,625
Cash flows from noncapital financing activities:							
Transfers from other funds	-	-	-	-	1,062,984	309,118	1,372,102
Transfers to other funds	(185,467)	(413,015)	(212,949)	(216,099)	(200,617)	(428,563)	(1,656,710)
Net cash provided (used) by noncapital financing activities	(185,467)	(413,015)	(212,949)	(216,099)	862,367	(119,445)	(284,608)
Cash flows from capital and related financing activities:							
Proceeds from capital debt	-	200,316	-	-	-	-	200,316
Purchase of fixed assets	(18,707)	(1,487,498)	-	-	-	-	(1,506,205)
Sale of fixed assets	-	316,205	-	-	-	-	316,205
Principal paid on capital debt	-	(2,191,216)	-	-	-	-	(2,191,216)
Interest paid on capital debt	-	(318,398)	-	-	-	-	(318,398)
Net cash used by capital and related financing activities	(18,707)	(3,480,591)	-	-	-	-	(3,499,298)
Cash flows from investing activities:							
Interest received	51,202	136,202	2,663	424	296,008	14,849	501,348
Net change in equity in pooled cash and investments	(115,150)	(2,254,392)	(110,169)	186,502	(2,205,349)	1,568,625	(2,929,933)
Equity in pooled cash and investments, beginning	1,966,851	5,876,001	578,843	349,670	14,580,999	-	23,352,364
Equity in pooled cash and investments, ending	\$ 1,851,701	\$ 3,621,609	\$ 468,674	\$ 536,172	\$ 12,375,650	\$ 1,568,625	\$ 20,422,431

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2005

	Information Technology	Motor Equipment	Facilities Management	Central Stores	Insurance Payment	Engineering	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (291,321)	\$ (1,811,976)	\$ 219,096	\$ 97,738	\$ (3,137,518)	\$ 1,310,441	\$ (3,613,540)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	424,104	3,893,657	-	-	-	-	4,317,761
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	179	(434,922)	(6,705)	(360)	(10,184)	(40,809)	(492,801)
Increase in inventory	-	(69,359)	-	(90,923)	-	-	(160,282)
Increase (decrease) in vouchers and accounts payable	(110,000)	(101,387)	(134,623)	406,866	(933,009)	16,538	(855,615)
Increase in due to other funds	-	-	-	-	-	1,474	1,474
Increase in deferred revenues	-	-	-	-	218,109	-	218,109
Increase in general claims payable	-	-	-	-	500,000	-	500,000
Increase (decrease) in compensated absences	14,860	26,999	22,349	(11,144)	(1,122)	385,577	437,519
Total adjustments	329,143	3,314,988	(118,979)	304,439	(226,206)	362,780	3,966,165
Net cash provided (used) by operating activities	\$ 37,822	\$ 1,503,012	\$ 100,117	\$ 402,177	\$ (3,363,724)	\$ 1,673,221	\$ 352,625

City of Grand Rapids, Michigan
Combining Statement of Fiduciary Net Assets
Pension Trust Funds

	Police and Fire Retirement System	General Retirement System	Total Pension Trust Funds
<i>As of :</i>	<i>December 31, 2004</i>	<i>June 30, 2005</i>	
ASSETS			
Investments held by trustee:			
Cash and money market funds	\$ 6,857,014	\$ 5,114,315	\$ 11,971,329
United States Government Securities	45,734,521	52,696,680	98,431,201
State and municipal bonds	653,308	2,254,994	2,908,302
Corporate bonds	29,852,161	32,018,448	61,870,609
Common stocks and equity mutual funds	207,401,942	209,400,224	416,802,166
Collateral held by broker under securities lending	-	58,478,647	58,478,647
Other	31,898,451	37,007,379	68,905,830
Receivables, net:			
Investment securities sold	-	4,674,073	4,674,073
Other accounts	212,375	1,139,100	1,351,475
Accrued interest	1,023,565	1,057,558	2,081,123
Total assets	<u>\$ 323,633,337</u>	<u>\$ 403,841,418</u>	<u>\$ 727,474,755</u>
LIABILITIES			
Compensated absences	\$ 9,443	\$ 9,205	\$ 18,648
Investment securities purchased	-	16,111,540	16,111,540
Vouchers and accounts payable	220,741	226,790	447,531
Due to other funds	13,812	12,739	26,551
Liabilities under security lending program	-	58,478,647	58,478,647
Total liabilities	<u>243,996</u>	<u>74,838,921</u>	<u>75,082,917</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>323,389,341</u>	<u>329,002,497</u>	<u>652,391,838</u>
Total liabilities and net assets	<u>\$ 323,633,337</u>	<u>\$ 403,841,418</u>	<u>\$ 727,474,755</u>

City of Grand Rapids, Michigan
Combining Statement of Changes in Net Assets
Pension Trust Funds

	Police and Fire Retirement System	General Retirement System	Total Pension Trust Funds
	<i>for the year ended December 31, 2004</i>	<i>for the year ended June 30, 2005</i>	
ADDITIONS			
Plan Contributions:			
Employer	\$ 727,754	\$ 8,632,941	\$ 9,360,695
Plan members	2,531,832	2,369,661	4,901,493
Total contributions	3,259,586	11,002,602	14,262,188
Investment earnings:			
Interest and dividends	5,499,356	5,614,456	11,113,812
Net appreciation in fair value of investments	30,280,342	22,531,928	52,812,270
Total investment earnings	35,779,698	28,146,384	63,926,082
Investment management expense	(1,048,573)	(1,203,659)	(2,252,232)
Net income from investment activities	34,731,125	26,942,725	61,673,850
Securities lending income	-	44,976	44,976
Securities lending expenses	-	(15,728)	(15,728)
Net income from securities lending activities	-	29,248	29,248
Total net investment income	34,731,125	26,971,973	61,703,098
Total additions	37,990,711	37,974,575	75,965,286
DEDUCTIONS			
Benefits paid	16,030,312	15,379,720	31,410,032
Administration expenses	416,277	354,181	770,458
Total deductions	16,446,589	15,733,901	32,180,490
Change in net assets	21,544,122	22,240,674	43,784,796
Total net assets - beginning	301,845,219	306,761,823	608,607,042
Total net assets - ending	\$ 323,389,341	\$ 329,002,497	\$ 652,391,838

City of Grand Rapids, Michigan
Statement of Changes in Assets and Liabilities
Agency Tax Fund
for the year ended June 30, 2005

	Agency Tax Assets July 1, 2004	Additions	Deductions	Agency Tax Assets June 30, 2005
Assets:				
Equity in pooled cash and investments	\$ 147,338	\$ -	\$ 147,338	\$ -
Taxes receivable	3,219,376	107,665,149	106,526,050	4,358,475
Total assets	<u>\$ 3,366,714</u>	<u>\$ 107,665,149</u>	<u>\$ 106,673,388</u>	<u>\$ 4,358,475</u>
Liabilities:				
Due to other governmental units	\$ 3,351,610	107,533,661	\$ 106,566,593	\$ 4,318,678
Due to other funds	-	39,797	-	39,797
Other vouchers payable	15,104	-	15,104	-
Total liabilities	<u>\$ 3,366,714</u>	<u>\$ 107,573,458</u>	<u>\$ 106,581,697</u>	<u>\$ 4,358,475</u>

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2005

Governmental funds capital assets:

Land	\$ 15,921,508
Land improvements	32,393,010
Buildings and structures	169,574,986
Machinery and equipment	19,931,155
Motor vehicles	7,354,653
Office furniture and equipment	2,760,863
Infrastructure	20,214,086
Construction in progress	<u>7,635,946</u>
Total governmental funds capital assets	<u>\$ 275,786,207</u>

Investments in governmental funds capital assets by source:

Capital Projects Funds	\$ 63,302,101
General Fund	4,115,800
Special Revenue Funds	49,903,654
Grand Rapids Building Authority	148,054,855
Federal grants	3,839,900
State grants	882,023
Gifts and donations	5,525,948
Enterprise Funds	<u>161,926</u>
Total governmental funds capital assets	<u>\$ 275,786,207</u>

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
for the year ended June 30, 2005

Function and Activity	Land	Land Improvements	Building and Structures	Machinery and Equipment	Motor Vehicles	Office Furniture and Equipment	Infrastructures	Construction in Progress	Totals
General government:	\$ 896,627	\$ 3,448,891	\$ 36,642,414	\$ 3,696,545	\$ 26,526	\$ 93,944	\$ -	\$ -	\$ 44,804,947
Public safety:									
Police	1,382,455	-	23,791,193	9,868,059	802,165	119,000	-	-	35,962,872
Fire	453,690	-	6,594,762	1,814,251	6,307,175	-	-	287,903	15,457,781
	1,836,145	-	30,385,955	11,682,310	7,109,340	119,000	-	287,903	51,420,653
Public works:									
Public works	2,063,591	9,339,607	7,663,706	733,250	90,720	41,575	8,274,458	592,339	28,799,246
Street lighting	-	-	-	-	-	-	11,609,955	-	11,609,955
Traffic	42,400	-	3,710,929	1,800,468	-	-	329,673	26,194	5,909,664
City/County parking facility	3,505,326	-	11,643,571	261,852	-	-	-	-	15,410,749
	5,611,317	9,339,607	23,018,206	2,795,570	90,720	41,575	20,214,086	618,533	61,729,614
Culture and recreation:									
Libraries	2,248,625	72,997	36,958,422	229,379	-	1,975,556	-	-	41,484,979
Museum	3,109,348	31,763	33,177,819	1,257,027	-	530,788	-	6,503,538	44,610,283
Parks	1,113,656	19,499,752	8,972,170	270,324	128,067	-	-	225,972	30,209,941
Art museum	530,000	-	420,000	-	-	-	-	-	950,000
	7,001,629	19,604,512	79,528,411	1,756,730	128,067	2,506,344	-	6,729,510	117,255,203
Urban and community development:									
Urban Development	540,397	-	-	-	-	-	-	-	540,397
Neighborhood Business Improvements	35,393	-	-	-	-	-	-	-	35,393
Total urban and community development	575,790	-	-	-	-	-	-	-	575,790
Total governmental funds capital assets	\$ 15,921,508	\$ 32,393,010	\$ 169,574,986	\$ 19,931,155	\$ 7,354,653	\$ 2,760,863	\$ 20,214,086	\$ 7,635,946	\$ 275,786,207

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule of Capital Assets Changes by Function and Activity
for the year ended June 30, 2005

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2004</u>	<u>Adjustments / Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets June 30, 2005</u>
General government	\$ 44,554,392	\$ 250,555	\$ -	\$ 44,804,947
Public safety:				
Police	35,738,969	223,903	-	35,962,872
Fire	13,669,594	1,788,187	-	15,457,781
Total public safety	49,408,563	2,012,090	-	51,420,653
Public works:				
Public works	27,800,127	999,119	-	28,799,246
Street lighting	11,609,955	-	-	11,609,955
Traffic safety	5,883,471	26,193	-	5,909,664
City/County parking facility	15,410,749	-	-	15,410,749
Total public works	60,704,302	1,025,312	-	61,729,614
Culture and recreation:				
Libraries	41,484,979	-	-	41,484,979
Museum	44,277,033	333,250	-	44,610,283
Parks	29,899,777	331,008	20,844	30,209,941
Art museum	950,000	-	-	950,000
Total culture and recreation	116,611,789	664,258	20,844	117,255,203
Urban and community development:				
Urban Development	1,282,865	-	742,468	540,397
Neighborhood Business Improvements	35,393	-	-	35,393
Total urban and community development	1,318,258	-	742,468	575,790
Total governmental funds capital assets	\$ 272,597,304	\$ 3,952,215	\$ 763,312	\$ 275,786,207

This schedule presents only the capital asset balances related to governmental funds.
Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.
Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan

Contents of the Statistical Section

This part of the City of Grand Rapids' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. Many of the tables present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

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Tables

Financial Trends

1-5

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

6-10

These schedules contain information to help the reader assess two locally levied taxes, the property tax collected by the City Treasurer which is the largest locally levied tax and the income tax which is the city's most significant revenue source.

Debt Capacity

11-14

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

15, 16

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information

17-19

These schedules contain service data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year. Certain other information has not been presented previously. The reported numbers begin with the year for which information believed to be accurate is available.

City of Grand Rapids, Michigan
Net Assets by Component (unaudited)
Last Four Fiscal Years

	Fiscal Year Ended			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 72,439,748	\$ 95,971,286	\$ 94,804,365	\$ 87,476,858
Restricted	12,316,175	33,675,895	14,354,672	5,767,246
Unrestricted	<u>90,580,952</u>	<u>48,214,112</u>	<u>56,240,841</u>	<u>49,134,684</u>
Total governmental activities net assets	<u>\$ 175,336,875</u>	<u>\$ 177,861,293</u>	<u>\$ 165,399,878</u>	<u>\$ 142,378,788</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 232,393,479	\$ 251,630,423	\$ 279,644,764	\$ 270,812,583
Restricted	11,902,455	5,889,141	7,612,496	31,152,368
Unrestricted	<u>101,644,428</u>	<u>105,492,504</u>	<u>93,496,737</u>	<u>89,450,645</u>
Total business-type activities net assets	<u>\$ 345,940,362</u>	<u>\$ 363,012,068</u>	<u>\$ 380,753,997</u>	<u>\$ 391,415,596</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 304,833,227	\$ 347,601,709	\$ 374,449,129	\$ 358,289,441
Restricted	24,218,630	39,565,036	21,967,168	36,919,614
Unrestricted	<u>192,225,380</u>	<u>153,706,616</u>	<u>149,737,578</u>	<u>138,585,329</u>
Total primary government net assets	<u>\$ 521,277,237</u>	<u>\$ 540,873,361</u>	<u>\$ 546,153,875</u>	<u>\$ 533,794,384</u>

Table 1

City of Grand Rapids, Michigan
Changes in Net Assets (unaudited)
Last Four Fiscal Years

	Fiscal Year Ended			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses:				
Governmental activities:				
General government	\$ 23,431,677	\$ 21,428,588	\$ 21,333,282	\$ 33,672,302
Public safety	78,381,150	81,271,096	78,550,437	63,974,695
Public works	34,493,135	34,634,556	37,049,923	43,527,115
Culture and Recreation	24,736,608	30,663,741	28,419,253	28,834,178
Urban & Community Development	16,156,683	19,293,049	17,214,538	19,631,447
Interest on long-term debt	5,574,922	6,324,449	5,772,221	5,976,465
Total governmental activities expenses	<u>182,774,175</u>	<u>193,615,477</u>	<u>188,339,654</u>	<u>195,616,202</u>
Business-type activities:				
Water Supply System	34,138,136	34,903,597	35,906,598	37,085,727
Sewage Disposal System	27,833,329	25,985,137	32,493,825	30,404,961
Auto Parking System	7,468,280	7,396,315	8,414,363	8,626,703
Other Enterprises	1,752,587	1,889,404	1,842,923	2,368,347
Total business-type activities expenses	<u>71,192,332</u>	<u>70,174,453</u>	<u>78,657,709</u>	<u>78,485,738</u>
Total primary government expenses	<u>\$ 253,966,507</u>	<u>\$ 263,789,930</u>	<u>\$ 266,997,363</u>	<u>\$ 274,101,940</u>
Program Revenues:				
Governmental activities:				
Charges for services	\$ 29,103,885	\$ 33,773,357	\$ 36,510,113	\$ 33,629,418
Operating grants and contributions	12,024,137	13,588,641	15,608,878	15,906,995
Capital grants and contributions	992,353	8,537,362	1,293,722	1,330,925
Total governmental activities program revenues	<u>42,120,375</u>	<u>55,899,360</u>	<u>53,412,713</u>	<u>50,867,338</u>
Business-type activities:				
Charges for services	78,187,890	83,930,045	80,830,792	82,589,876
Operating grants and contributions	-	526,411	7,513,430	64,832
Capital grants and contributions	-	-	7,742,882	7,269,318
Total business-type activities program revenues	<u>78,187,890</u>	<u>84,456,456</u>	<u>96,087,104</u>	<u>89,924,026</u>
Total primary government program revenues	<u>\$ 120,308,265</u>	<u>\$ 140,355,816</u>	<u>\$ 149,499,817</u>	<u>\$ 140,791,364</u>

continued

Table 2

City of Grand Rapids, Michigan
Changes in Net Assets (unaudited)
Last Four Fiscal Years

	Fiscal Year Ended			
	2002	2003	2004	2005
Net (expense)/revenue				
Governmental activities	\$ (140,653,800)	\$ (137,716,117)	\$ (134,926,941)	\$ (144,748,864)
Business-type activities	6,995,558	14,282,003	17,429,395	11,438,288
Total primary government net expense	<u>\$ (133,658,242)</u>	<u>\$ (123,434,114)</u>	<u>\$ (117,497,546)</u>	<u>\$ (133,310,576)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 27,878,106	\$ 30,661,413	\$ 28,716,475	\$ 30,665,405
Income taxes	52,625,743	50,356,192	50,939,823	53,110,303
State shared taxes	44,491,309	39,379,693	38,116,803	37,459,858
Unrestricted investment earnings	4,914,340	2,325,007	2,115,509	2,549,172
Miscellaneous	3,862,027	4,421,297	341,141	2,234,021
Gain on sale of capital assets	380,414	-	270,198	2,275,880
Transfers	2,141,781	1,027,381	1,965,577	3,247,121
Total governmental activities:	<u>136,293,720</u>	<u>128,170,983</u>	<u>122,465,526</u>	<u>131,541,760</u>
Business-type activities:				
Unrestricted investment earnings	2,792,900	2,190,115	1,574,371	2,005,844
Miscellaneous	4,647,646	5,639,524	703,740	464,588
Gain on sale of capital assets	670,106	289,557	-	-
Transfers	(1,829,406)	(1,150,937)	(1,965,577)	(3,247,121)
Total business-type activities	<u>6,281,246</u>	<u>6,968,259</u>	<u>312,534</u>	<u>(776,689)</u>
Total primary government	<u>\$ 142,574,966</u>	<u>\$ 135,139,242</u>	<u>\$ 122,778,060</u>	<u>\$ 130,765,071</u>
Change in Net Assets				
Governmental activities	\$ (4,360,080)	\$ (9,545,134)	\$ (12,461,415)	\$ (13,207,104)
Business-type activities	13,276,804	21,250,262	17,741,929	10,661,599
Total primary government	<u>\$ 8,916,724</u>	<u>\$ 11,705,128</u>	<u>\$ 5,280,514</u>	<u>\$ (2,545,505)</u>

Table 2

City of Grand Rapids, Michigan
Fund Balances, Governmental Funds (unaudited)
Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended			
	<u>2002</u>	<u>2003</u>	<u>2004</u> (Restated-Note 11)	<u>2005</u>
General Fund				
Reserved	\$ 835,573	\$ 9,044,028	\$ 1,804,703	\$ 1,389,912
Unreserved	<u>16,227,534</u>	<u>10,544,224</u>	<u>13,628,370</u>	<u>17,611,164</u>
Total general fund	<u>\$ 17,063,107</u>	<u>\$ 19,588,252</u>	<u>\$ 15,433,073</u>	<u>\$ 19,001,076</u>
All other governmental funds				
Reserved	\$ 29,022,390	\$ 43,281,327	\$ 32,524,323	\$ 21,014,731
Unreserved, reported in:				
Special revenue funds	33,085,593	18,097,619	8,036,118	12,260,289
Capital projects funds	7,336,488	-	261,087	-
Debt Service funds	<u>-</u>	<u>-</u>	<u>610,994</u>	<u>640,043</u>
Total all other governmental funds	<u>\$ 69,444,471</u>	<u>\$ 61,378,946</u>	<u>\$ 41,432,522</u>	<u>\$ 33,915,063</u>

Table 3

City of Grand Rapids, Michigan
Changes in Fund Balances, Governmental Funds (unaudited)
Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues:				
Property taxes	\$ 27,878,106	\$ 29,533,993	\$ 29,843,895	\$ 30,665,405
City income taxes	52,625,743	50,356,192	50,939,823	53,110,303
State shared taxes	44,491,309	39,379,693	38,116,803	37,459,858
Licenses and permits	2,373,116	2,206,937	2,110,581	2,505,698
Fines and forfeitures	3,999,529	4,312,681	4,145,387	1,479,619
Federal grants	8,793,980	2,970,045	9,967,941	11,117,298
State grants	3,614,457	1,924,548	1,139,675	1,381,728
Other grants & contributions	608,053	17,231,410	2,047,994	4,543,370
Charges for services	22,731,240	27,130,183	30,805,504	27,384,991
Investment earnings	4,365,056	2,319,021	1,732,336	1,998,314
Miscellaneous	3,862,027	4,421,297	3,929,008	4,330,456
Total revenues	<u>\$ 175,342,616</u>	<u>\$ 181,786,000</u>	<u>\$ 174,778,947</u>	<u>\$ 175,977,040</u>
Expenditures:				
Current:				
General government	\$ 18,542,056	\$ 18,754,484	\$ 18,616,815	\$ 28,983,009
Public safety	76,033,683	77,149,074	76,247,330	59,500,047
Public works	27,500,877	27,390,204	29,756,575	30,756,908
Culture and recreation	22,629,383	25,312,912	22,715,863	23,442,663
Urban and community development	16,100,954	18,820,446	17,222,874	19,220,353
Debt service:				
Principal	3,491,517	3,825,750	4,475,945	5,008,620
Interest, fees, and bond issue costs	4,125,371	5,696,222	5,324,341	6,014,816
Capital outlay	49,943,803	58,799,311	17,333,821	18,189,746
Total expenditures	<u>218,367,644</u>	<u>235,748,403</u>	<u>191,693,564</u>	<u>191,116,162</u>
Excess (deficit) of revenues over expenditures	<u>\$ (43,025,028)</u>	<u>\$ (53,962,403)</u>	<u>\$ (16,914,617)</u>	<u>\$ (15,139,122)</u>

continued

Table 4

City of Grand Rapids, Michigan
Changes in Fund Balances, Governmental Funds (unaudited)
Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Other financing sources (uses):				
Transfers in (Note 8)	\$ 31,762,821	\$ 29,311,040	\$ 24,131,089	\$ 26,121,155
Transfers from component units	312,375	-	-	-
Transfers out (Note 8)	(30,788,062)	(28,856,336)	(23,583,746)	(22,589,426)
Sale of capital assets	-	-	-	2,544,000
Face value of bonds and contracts issued	4,314,313	39,254,017	1,348,640	18,225,000
Premium on bonds issued	-	266,577	-	(81,063)
Payment to refunded bond escrow agent	-	(4,070,363)	-	(13,030,000)
Total other financing sources (uses)	<u>5,601,447</u>	<u>35,904,935</u>	<u>1,895,983</u>	<u>11,189,666</u>
Net change in fund balances	<u>(37,423,581)</u>	<u>(18,057,468)</u>	<u>(15,018,634)</u>	<u>(3,949,456)</u>
Fund balances, beginning	<u>124,931,159</u>	<u>99,024,666</u>	<u>80,967,198</u>	<u>56,865,595</u>
Residual equity transfer	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 86,507,578</u>	<u>\$ 80,967,198</u>	<u>\$ 65,948,564</u>	<u>\$ 52,916,139</u>

Table 4

City of Grand Rapids, Michigan
Tax Revenue by Source - All Funds (unaudited)
Last Ten Fiscal Years

Fiscal Year	City Taxes		Proportionally Shared State Taxes						Total Tax Revenues, All Funds
	Property Tax, All Funds ¹	Local Income Tax	Sales Tax	State Income Tax	Single Business Tax	Fire Protection, State-Owned Facilities	Alcoholic Beverages Tax	Gas and Weight Tax	
1996	\$ 24,298,348	\$ 36,234,643	\$ 10,274,218	\$ 4,860,586	\$ 5,662,708	\$ 74,325	\$ 106,576	\$ 9,788,378	\$ 91,299,782
1997	22,147,124	46,709,719	18,804,725	338,315	1,184,433	71,249	111,489	8,947,237	98,314,291
1998	22,811,962	49,816,916	21,156,345	-	1,048,094	73,426	125,201	10,695,168	105,727,112
1999	25,105,355	50,774,380	22,361,671	-	1,048,094	75,000	116,749	11,473,608	110,954,857
2000	26,270,208	56,392,496	24,731,482	-	-	-	115,391	13,057,628	120,567,205
2001	26,796,902	56,244,137	27,132,514	-	-	-	119,725	12,072,050	122,365,328
2002	27,553,547	52,635,205	31,468,924	-	-	129,508	115,000	12,426,631	124,328,815
2003	28,940,220	50,356,192	26,175,653	-	-	65,392	183,523	13,745,362	119,466,342
2004	29,378,553	50,939,823	23,653,513	-	-	71,027	72,525	14,036,759	118,152,200
2005	30,665,405	53,110,303	23,394,253	-	-	74,581	135,259	13,855,765	121,235,566
									% Increase (Decrease) Over Prior Year
Percent to Total Tax Sources									
1996	26.6 %	39.7 %	11.3 %	5.3 %	6.2 %	0.1 %	0.1 %	10.7 %	4.53 %
1997	22.5	47.5	19.1	0.3	1.2	0.1	0.1	9.1	7.13
1998	21.6	47.1	20.0	0.0	1.0	0.1	0.1	10.1	7.01
1999	22.6	45.8	20.2	0.0	0.9	0.1	0.1	10.3	4.71
2000	21.8	46.8	20.5	0.0	0.0	0.0	0.1	10.8	7.97
2001	21.9	46.0	22.2	0.0	0.0	0.0	0.1	9.9	1.47
2002	22.2	42.3	25.3	0.0	0.0	0.1	0.1	10.0	1.58
2003	24.2	42.2	21.9	0.0	0.0	0.1	0.2	11.5	(4.07)
2004	24.9	43.1	20.0	0.0	0.0	0.1	0.1	11.9	(1.11)
2005	25.3	43.8	19.3	0.0	0.0	0.1	0.1	11.4	2.54

Note: (1) Excludes the discretely presented Component Units and special assessments for Downtown Improvement District.

Table 5

City of Grand Rapids, Michigan

Assessed and Estimated Actual Value of Taxable Property (unaudited)

Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value	Percent Increase in Estimated Actual Value Over Prior Year
	Assessed/ Taxable Value	Estimated Actual Value	Assessed/ Taxable Value	Estimated Actual Value	Assessed/ Taxable Value	Estimated Actual Value		
1996	\$ 2,435,685,843	\$ 4,907,546,100	\$ 390,758,144	\$ 781,528,600	\$ 2,826,443,987	\$ 5,689,074,700	50 %	3.56 %
1997	2,524,473,301	5,142,863,500	410,143,938	820,327,600	2,934,617,239	5,963,191,100	49	4.82
1998	2,603,920,064	5,364,729,900	420,543,962	861,907,800	3,024,464,026	6,226,637,700	49	4.42
1999	2,744,888,643	5,787,896,600	446,643,194	917,553,450	3,191,531,837	6,705,450,050	48	7.69
2000	2,834,117,435	6,181,406,000	474,674,145	975,926,800	3,308,791,580	7,157,332,800	46	6.74
2001	2,942,324,679	6,566,933,600	450,474,508	927,376,000	3,392,799,187	7,494,309,600	45	4.71
2002	3,107,463,373	7,181,456,200	453,916,872	951,862,000	3,561,380,245	8,133,318,200	44	8.53
2003	3,278,408,999	7,754,174,200	446,223,703	955,838,000	3,724,632,702	8,710,012,200	43	7.09
2004	3,400,307,063	8,387,124,000	408,706,400	906,467,000	3,809,013,463	9,293,591,000	41	6.70
2005	3,550,321,829	8,777,377,200	402,848,985	928,311,200	3,953,170,814	9,705,688,400	41	4.43

Note: State statute requires all taxable property to be assessed at 50 percent of market value.

Since 1994, any increase in the amount of taxable value of any existing property has been limited each year to the lower of 5% or the rate of inflation, until the property ownership is transferred. Only the taxable portion of the assessed value is presented above under the Assessed/Taxable Value headings.

Table 6

City of Grand Rapids, Michigan
Property Tax Levies and Collections (unaudited)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1996	1995	\$ 23,351,489	\$ 23,291,192	99.74 %	\$ 52,984	\$ 23,344,176	99.97%
1997	1996	21,767,425	21,721,157	99.79	39,953	21,761,110	99.97
1998	1997	22,404,743	22,349,559	99.75	46,236	22,395,795	99.96
1999	1998	24,840,025	24,792,954	99.81	39,686	24,832,640	99.97
2000	1999	25,462,164	25,408,588	99.79	45,623	25,454,211	99.97
2001	2000	26,095,693	25,921,062	99.33	56,406	25,977,468	99.55
2002	2001	27,760,859	27,593,449	99.40	37,536	27,630,986	99.53
2003	2002	28,327,549	28,111,333	99.29	33,394	28,144,727	99.35
2004	2003	28,727,962	28,484,072	99.15	26,252	28,510,324	99.24
2005	2004	30,520,491	30,229,415	99.05	-	30,229,415	99.05

Note: The tax levies and collections shown above are *ad valorem* taxes only and exclude amounts payable to discretely presented Component Units.

Table 7

City of Grand Rapids, Michigan
Property Tax Rates and Tax Levies
Direct and Overlapping Governments (unaudited)
Last Ten Fiscal Years

City of Grand Rapids ¹											
Fiscal Year	Tax Year	General Operating	Promotional and Advertising	Library ²	Refuse Collection	Total City	Total School ³	Total Michigan Education	Total Intermodal Transit	Total County	Combined Total
Tax Rates: ⁴											
1996	1995	5.2648	0.0178	2.1500	1.3000	8.7326	25.2888	6.0000	-	5.1014	45.1228
1997	1996	4.2600	0.0174	2.1500	1.3000	7.7274	25.3088	6.0000	-	5.1090	44.1452
1998	1997	4.2600	0.0169	2.1500	1.3000	7.7269	25.2988	6.0000	-	5.1166	44.1423
1999	1998	4.2600	0.0154	2.5450	1.3500	8.1704	24.9060	6.0000	-	5.3664	44.4428
2000	1999	4.2545	0.0149	2.5417	1.3500	8.1611	24.8426	6.0000	-	5.3551	44.3588
2001	2000	4.2332	0.0145	2.5289	1.3500	8.1266	24.5635	6.0000	0.7500	5.3340	44.7741
2002	2001	4.1997	0.0138	2.5088	1.3500	8.0723	24.4729	6.0000	0.7300	5.3000	44.5752
2003	2002	4.1791	0.0131	2.4964	1.3500	8.0386	24.5992	6.0000	0.7480	5.3140	44.6998
2004	2003	4.1389	0.0127	2.4724	1.3500	7.9740	24.2922	5.0000	0.7603	5.3140	43.3405
2005	2004	4.1256	0.0116	2.4645	1.5500	8.1517	26.8256	6.0000	0.9500	5.3140	47.2413
Tax Levies:											
1996	1995	\$ 14,880,662	\$ 50,311	\$ 6,076,855	\$ 3,674,377	\$ 24,682,205	\$ 47,323,870	\$ 16,958,664	\$ -	\$ 13,853,943	\$ 102,818,682
1997	1996	12,501,397	51,062	6,309,390	3,815,002	22,676,851	49,195,695	17,607,703	-	14,388,593	103,868,842
1998	1997	12,884,216	51,113	6,502,598	3,931,803	23,369,730	50,434,370	18,146,784	-	14,819,232	106,770,116
1999	1998	13,595,867	49,149	8,122,414	4,308,550	26,075,980	52,264,803	19,149,191	-	17,127,036	114,617,010
2000	1999	14,077,199	49,301	8,409,923	4,466,851	27,003,274	54,086,109	19,852,749	-	17,718,910	118,661,042
2001	2000	14,362,325	49,196	8,580,050	4,580,279	27,571,850	54,201,303	20,356,795	2,544,600	18,096,868	122,771,416
2002	2001	14,956,729	49,147	8,934,791	4,807,809	28,748,476	56,336,916	21,368,070	2,599,492	18,956,902	128,009,856
2003	2002	15,565,613	48,792	9,298,173	5,028,200	29,940,510	58,702,011	22,347,585	2,785,702	19,792,374	133,568,183
2004	2003	15,765,126	48,374	9,417,405	5,142,114	30,372,753	58,555,088	19,044,932	2,895,672	20,241,098	131,109,542
2005	2004	16,325,235	45,902	9,752,167	6,133,439	32,256,743	70,824,894	23,742,343	3,759,204	21,007,150	151,590,334

Note: (1) City taxes, includes amounts payable to discretely presented Component Units: Due-July 1; Delinquent-August 1; Penalties-1 percent per month til paid, after February 16, a total of 4 percent (3 percent penalty and 1 percent collection fee) is added.
(2) Library includes Library Operating and Library Capital Improvement.
(3) Includes Grand Rapids Public School non-homestead rate, Kent Intermediate School District, and Grand Rapids Community College.
(4) Property tax rates: per \$1,000 of Taxable Value.

Table 8

City of Grand Rapids, Michigan
Principal Taxpayers (unaudited)
Current Year and Nine Years Previous

Taxpayer	Type of Business	December 31, 2004		Percentage of Total		December 31, 1995		Percentage of Total	
		Taxable Valuation	Rank	Taxable Valuation		Taxable Valuation	Rank	Taxable Valuation	
Steelcase, Inc.	Furniture Manufacturing	\$ 94,103,119	1	2.39 %		\$ 105,610,536	1	3.74 %	
Consumers Energy	Electric Utility	45,129,710	2	1.14		33,141,847	3	1.17	
Michigan Consolidated Gas Co	Gas Utility	38,845,537	3	0.98		31,600,116	5	1.12	
Amway Hotel Corp.	Hotel/Real Estate	31,272,918	4	0.79		42,980,910	2	1.52	
SH-2 LLC & BT-2 LLC	Real Estate	24,281,821	5	0.61		-			
Centerpointe LLC	Shopping Center/Real Estate	22,934,132	6	0.58		-			
Fifth Third Bank, Michigan	Banking/Real Estate	19,120,011	7	0.48		16,577,532	8	0.59	
Keebler Company	Bakery Products	18,433,050	8	0.47		19,609,538	7	0.69	
Waters Corporation	Real Estate	15,752,102	9	0.40		-			
Belfry Development Corp.	Real Estate	13,617,903	10	0.34		-			
Visser Brothers	Real Estate					33,094,747	4	1.17	
Bridgewater Place	Real Estate					20,563,718	6	0.73	
Rapistan Demag Corp.	Manufacturing					11,718,759	9	0.41	
Booth Newspapers	Publishing					11,441,354	10	0.40	
		<u>\$ 323,490,303</u>		<u>8.18 %</u>		<u>\$ 326,339,057</u>		<u>11.55 %</u>	

Note: Total Taxable Valuation for largest taxpayers includes qualified real and personal properties exempted from ad valorem property taxes but subject to a specific Industrial Facilities Tax under Public Act 198 of 1974.

The percentage calculation is based on the Taxable Values of \$3,953,170,814 and \$2,826,443,987 on the ad valorem tax roll.

Some taxpayers operated under a different name in the earlier reporting period, but the business and major assets were essentially the same.

Table 9

City of Grand Rapids, Michigan
Segmented Data on Income Tax Filers, Rates and Liability (Unaudited)
Most Recent Calendar Year and Four Years Previous

Taxable Income per Return	Calendar Year 2004					Calendar Year 2000				
	# of Returns	% of Total Returns Filed	Total Taxable Income	Tax Dollars	% of Total Tax Dollars	# of Returns	% of Total Returns Filed	Total Taxable Income	Tax Dollars	% of Total Tax Dollars
Individual and Joint Returns										
Resident Taxpayers:										
\$37 or less	4,030	3 %	\$ -	\$ -	0 %	2,260	2 %	\$ -	\$ -	0 %
38 - 12,500	17,806	13	100,700,000	1,310,000	3	20,686	15	113,500,000	1,470,000	3
12,501 - 25,000	12,985	10	242,700,000	3,150,000	7	14,089	10	261,900,000	3,400,000	7
25,001 - 50,000	16,614	12	597,000,000	7,760,000	17	17,250	12	620,700,000	8,070,000	16
50,001 - 100,000	10,400	8	705,000,000	9,170,000	20	10,744	8	721,000,000	9,370,000	18
More than \$100,000	2,450	2	434,100,000	5,640,000	12	2,318	2	844,200,000	10,970,000	21
Subtotal	64,285	47 %	\$ 2,079,500,000	\$ 27,030,000	59 %	67,347	47 %	\$ 2,561,300,000	\$ 33,280,000	65 %
Non-Resident Taxpayers:										
\$75 or less	8,831	7 %	\$ -	\$ -	0 %	8,184	6 %	\$ -	\$ -	0 %
76 - 12,500	15,766	0	82,900,000	540,000	1	18,724	0	96,000,000	620,000	1
12,501 - 25,000	11,266	8	213,900,000	1,390,000	3	12,260	9	231,400,000	1,500,000	3
25,001 - 50,000	17,982	13	652,000,000	4,240,000	9	19,048	13	684,600,000	4,450,000	9
50,001 - 100,000	8,983	7	599,100,000	3,890,000	8	8,358	6	551,300,000	3,580,000	7
More than \$100,000	2,709	2	542,900,000	3,530,000	8	2,410	2	477,800,000	3,110,000	6
Subtotal	65,537	48 %	\$ 2,090,800,000	\$ 13,590,000	30 %	68,984	48 %	\$ 2,041,100,000	\$ 13,260,000	26 %
All Other Returns										
Subtotal	5,781	4 %	\$ 409,400,000	\$ 5,320,000	12 %	5,969	4 %	\$ 397,900,000	\$ 5,030,000	10 %
Total	135,603	100 %	\$ 4,579,700,000	\$ 45,940,000	100 %	142,300	100 %	\$ 5,000,300,000	\$ 51,570,000	100 %

Source: City Income Tax Department

Note: Information is taken from returns filed during the calendar year. City resident income, after exemptions, exclusions and deductions, is taxed at a flat rate of 1.3%. Non-residents and trusts pay at a rate of 0.65% on all City source income. Other taxpayers are corporations, which pay 1.3% on all City source income and partnerships which may be filing information returns or remit the tax at a rate based on the partner's residence status.

The most recent calendar year is compared to the earliest year from which complete information is available.

Numbers may not total due to rounding.

Table 10

City of Grand Rapids, Michigan

Computation of Direct and Overlapping Debt (unaudited)

June 30, 2005

Name of Governmental Unit	Total Debt Outstanding	Balances On Hand	Net Debt Outstanding	Self Supporting	Debt Supported by City General Property Taxes
Direct debt:					
City of Grand Rapids:					
Revenue Bonds	\$ 262,961,693	\$ -	\$ 262,961,693	\$ 262,961,693	\$ -
Grand Rapids Building Authority	102,710,000	-	102,710,000	55,025,917	47,684,083
Grand Rapids and Kent County Joint Building Authority	1,955,000	-	1,955,000	1,955,000	-
Act 175 Motor Vehicle Highway	11,735,000	-	11,735,000	11,735,000	-
Downtown Development Authority	44,545,720	2,485,000	42,060,720	42,060,720	-
Kent County Drain Commission contracts	14,272,228	-	14,272,228	-	14,272,228
Installment Purchase Agreements	3,928,789	-	3,928,789	-	3,928,789
Internal Service Installment Purchase Agreements	6,416,211	-	6,416,211	-	6,416,211
SmartZone - Local Finance Authority	3,805,000	-	3,805,000	3,805,000	-
State of Michigan Infrastructure Loan	1,939,342	-	1,939,342	1,939,342	-
Total City direct debt	<u>\$ 454,268,983</u>	<u>\$ 2,485,000</u>	<u>\$ 451,783,983</u>	<u>\$ 379,482,672</u>	<u>\$ 72,301,311</u>

	City Share as		
	Gross	Percent of Gross	Net
Overlapping debt:			
School District of the City of Grand Rapids	\$ 105,390,000	100.00 %	\$ 105,390,000
Caledonia Community Schools	98,578,118	0.10	98,578
Godwin Heights Public Schools	12,340,000	8.36	1,031,624
Grandville Public Schools	44,615,000	0.05	22,307
Kentwood Public Schools	110,875,000	10.62	11,774,925
Forest Hills Public Schools	197,575,000	1.75	3,457,562
Kenowa Hills	35,915,000	0.10	35,915
Grand Rapids Community College	57,460,000	21.60	12,411,360
Kent County	84,960,000	22.18	18,844,128
Total overlapping debt	<u>\$ 747,708,118</u>		<u>153,066,399</u>
Total City direct and overlapping debt			<u>\$ 225,367,710</u>

Note: The City of Grand Rapids does not carry debt supported by special assessment billing and collections.

The following statistical schedules are not relevant to the City of Grand Rapids and therefore have not been included in the statistical presentation:

Special assessments billings and collections

Computation of legal debt margin for special improvements

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Grand Rapids, Michigan
Ratios of Outstanding Debt by Type (unaudited)
Last Ten Fiscal Years

Governmental Activities							
Fiscal Year	General Bonded debt			Other debt			Total Governmental Activities
	General Obligation Limited Tax Bonds	Percentage of Personal Income	Per Capita	General Obligation Limited Tax Bonds	Revenue Bonds	State Loans	
1996	\$ 24,855,175	0.90 %	\$ 131	\$ 8,829,368	\$ -	\$ 1,067,325	\$ 34,751,868
1997	22,804,946	0.82	118	9,150,831	-	785,202	32,740,979
1998	27,776,407	1.00	144	9,778,174	-	476,804	38,031,385
1999	25,131,770	0.73	134	29,309,743	-	139,809	54,581,322
2000	33,313,831	0.97	178	29,527,000	-	110,422	62,951,253
2001	61,689,101	1.70	312	29,550,155	-	1,080,975	92,320,231
2002	62,305,078	1.78	315	29,121,449	-	1,862,795	93,289,322
2003	63,469,208	1.82	321	28,398,024	30,855,000	1,750,824	124,473,056
2004	57,718,106	1.67	292	31,299,000	30,855,000	1,576,841	121,448,947
2005	54,474,010	1.23	279	27,849,816	36,590,000	1,383,951	120,297,777

Business-Type Activities						
Fiscal Year	General Obligation Limited Tax Bonds	Revenue Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
1996	\$ 19,180,833	\$ 272,552,178	\$ 291,733,011	\$ 326,484,879	11.86 %	\$ 1,715
1997	18,142,383	268,321,513	286,463,896	319,204,875	11.47	1,657
1998	18,017,588	261,739,321	279,756,909	317,788,294	11.42	1,650
1999	17,035,448	281,009,321	298,044,769	352,626,091	10.26	1,882
2000	15,820,948	272,974,321	288,795,269	351,746,522	10.23	1,877
2001	14,139,948	264,769,321	278,909,269	371,229,500	10.23	1,877
2002	22,456,948	256,002,281	278,459,229	371,748,551	10.64	1,879
2003	22,757,733	246,260,393	269,018,126	393,491,182	11.26	1,989
2004	21,553,114	236,203,505	257,756,619	379,205,566	10.98	1,939
2005	20,405,101	262,961,693	283,366,794	403,664,571	9.11	2,067

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Table 12

City of Grand Rapids, Michigan
Legal Debt Margin Information (unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt Limit	\$ 297,929,745	\$ 322,675,810	\$ 345,738,333	\$ 345,738,333	\$ 368,313,232	\$ 385,504,200	\$ 418,384,250	\$ 446,813,800	\$ 475,370,080	\$ 495,389,880
Total net debt applicable to limit	<u>57,784,754</u>	<u>52,949,738</u>	<u>71,414,750</u>	<u>78,826,250</u>	<u>77,803,135</u>	<u>104,190,502</u>	<u>107,643,780</u>	<u>134,182,865</u>	<u>130,645,976</u>	<u>129,282,227</u>
Legal debt margin	<u>\$ 240,144,991</u>	<u>\$ 269,726,072</u>	<u>\$ 274,323,583</u>	<u>\$ 266,912,083</u>	<u>\$ 290,510,097</u>	<u>\$ 281,313,698</u>	<u>\$ 310,740,470</u>	<u>\$ 312,630,935</u>	<u>\$ 344,724,104</u>	<u>\$ 366,107,653</u>
Total net debt applicable to the limit (as a percentage of debt limit)	19.40%	16.41%	20.66%	22.80%	21.12%	27.03%	25.73%	30.03%	27.48%	26.10%

Legal Debt Margin Calculation for Fiscal Year 2005

Assessed Value	\$ 4,852,884,200
Add back: exempt real property	<u>101,014,600</u>
Total Assessed Value	4,953,898,800
Debt limit (10% of total AV)	495,389,880
Debt applicable to limit:	
Total debt outstanding	454,268,982
Less: exempt debt	<u>324,986,755</u>
Total net debt applicable to limit	<u>129,282,227</u>
Legal debt margin	<u>\$ 366,107,653</u>

Note: Under authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have to ten percent of total assessed property value. However significant exceptions to the limitations are permitted for certain types of indebtedness which include: State transportation bonds, Water and Sewer revenue bonds, and Tax Increment Bonds

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Grand Rapids, Michigan
Pledged Revenue Coverage (unaudited)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
<u>Water Supply System Fund:</u>							
1996	\$ 36,583,057	\$ 18,838,327	\$ 17,744,730	\$ 3,080,000	\$ 8,952,801	\$ 12,032,801	1.47 %
1997	36,248,123	18,621,095	17,627,028	3,240,000	8,782,001	12,022,001	1.47
1998	37,332,905	16,784,495	20,548,410	3,420,000	8,595,669	12,015,669	1.71
1999	35,350,854	18,679,685	16,671,169	3,605,000	8,394,379	11,999,379	1.39
2000	35,149,804	19,263,621	15,886,183	3,810,000	8,179,929	11,989,929	1.32
2001	35,785,814	20,945,222	14,840,592	4,085,000	7,948,089	12,033,089	1.23
2002	37,522,806	20,524,180	16,998,626	4,210,000	7,680,133	11,890,133	1.43
2003	39,845,409	21,344,581	18,500,828	5,040,000	6,683,900	11,723,900	1.58
2004	38,102,756	22,860,685	15,242,071	5,215,000	6,431,900	11,646,900	1.31
2005	38,643,997	24,404,759	14,239,238	5,800,000	5,895,900	11,695,900	1.22
<u>Sewage Disposal System Fund:</u>							
1996	\$ 27,375,510	\$ 13,910,818	\$ 13,464,692	\$ 2,910,000	\$ 4,912,117	\$ 7,822,117	1.72 %
1997	27,633,940	12,830,946	14,802,994	3,060,035	5,169,342	8,229,377	1.80
1998	30,194,764	12,688,911	17,505,853	3,279,035	5,063,861	8,342,896	2.10
1999	28,997,913	17,303,101	11,694,812	4,090,000	4,962,273	9,052,273	1.29
2000	30,338,739	14,990,249	15,348,490	4,225,000	4,832,105	9,057,105	1.69
2001	32,862,464	15,521,477	17,340,987	4,420,000	8,992,558	13,412,558	1.29
2002	33,336,969	16,253,230	17,083,739	4,560,000	7,406,142	11,966,142	1.43
2003	35,399,884	14,227,141	21,172,743	4,701,888	7,270,048	11,971,936	1.77
2004	33,598,127	16,938,028	16,660,099	4,841,888	7,129,146	11,971,034	1.39
2005	34,165,655	17,972,556	16,193,099	5,296,736	6,568,594	11,865,330	1.36

Notes: (1) Gross revenue includes operating revenues, interest revenue and miscellaneous revenue.
(2) Direct operating expenses are total operating expenses less depreciation expense
Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Grand Rapids, Michigan
Demographic Statistics (unaudited)
Last Ten Fiscal Years

Fiscal Year	Population ¹	Per Capita Income ¹	Median Age ¹	School Enrollment ²	Unemployment ³
1996	190,395	\$ 14,453	31.5	27,338	6.4 %
1997	192,600	14,453	31.5	25,740	3.7
1998	192,600	14,453	31.5	27,830	4.3
1999	187,400	18,342	31.5	27,068	5.0
2000	197,800	18,342	31.5	25,978	3.4
2001	197,433	18,342	30.4	27,415	5.4
2002	196,598	17,661	30.4	26,168	8.3
2003	196,306	17,661	30.4	25,823	9.4
2004	195,115	17,661	30.4	24,219	10.1
2005	195,287	22,687	34.2	23,233	8.7

Notes: (1) Prior to 1999: Bureau of the Census Current Population Reports.
1999 and later: CACI FILE 581: Population Demographics - per 2000 Census
2005: The Right Place, Inc.

(2) Grand Rapids Public Schools.

(3) Michigan Employment Security Commission, Office of Labor Market Information. Average percent for Fiscal Year.

City of Grand Rapids, Michigan
Principal Local Employers (unaudited)
Current Year and Nine Years Previous

Employer	Type of Business	2005			1996		
		West Michigan Employees	Rank	Total City Employment	West Michigan Employees	Rank	Total City Employment
Spectrum Health	Hospital and medical services	14,000	1	11.3 %	---	---	---
Meijer Inc	Retailer	9,785	2	7.9	9,462	1	7.62 %
Steelcase Inc.	Furniture manufacturing	5,400	3	4.3	7,743	2	6.23
Alticor Inc.	Consumer products manufacturer	4,000	4	3.2	5,600	3	4.51
Farmers Insurance Group	Property and casualty insurance	3,500	5	2.8	---	---	---
Grand Rapids Public Schools	Education	3,490	6	2.8	4,200	6	3.38
St. Mary's Mercy Medical Center	Hospital and medical services	2,500	7	2.0	2,485	10	2.00
General Motors	Automobile parts	2,262	8	1.8	4,643	5	3.74
Seimens Dematic	Material handling system manufacturing	2,262	9	1.8	---	---	---
County of Kent	Government	2,141	10	1.7	---	---	---
Butterworth Hospital	Hospital and Medical Services	---	---	---	5,250	4	4.23
D & W Food Centers	Groceries	---	---	---	2,700	7	2.17
Blodgett Memorial Medical Center	Hospital and medical services	---	---	---	2,500	8	2.01
Old Kent Bank	Banking	---	---	---	2,500	9	2.01
		<u>49,340</u>		<u>39.7 %</u>	<u>47,083</u>		<u>37.91 %</u>

Note: The above listed employers are selected from a list compiled by the Right Place, Inc. of self-reported employment by the largest employers in the seven county metropolitan area. Employers selected for inclusion here are those with a significant presence in Kent County. According to the 2000 Census while less than half of employed city residents work in the city, 90% of employed city residents work in Kent County. Non-city residents fill 63% of the employment in the city. Focusing on the county rather than the city provides a better indication of the potential economic impact on the city of a closure or relocation of one or more major local employers. Percentages are based on the total employment in the city at the time of the 2000 census, 124,193.

Some employers operated under a different name in the earlier reporting period, but the business and major assets were essentially the same.

City of Grand Rapids, Michigan
Full-time Equivalent City Government Employees by Department (unaudited)
Last Ten Fiscal Years

Department	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Assessor	22	23	23	23	23	23	24	20	20	17
Attorney	20	21	21	21	21	22	22	22	19	17
City Clerk	13	13	13	13	13	14	14	13	11	11
Community Development	20	24	24	24	26	25	24	30	30	29
Comptroller	20	21	21	21	21	21	21	20	19	17
61st District Court	93	95	90	94	103	105	105	105	96	93
Economic Development	-	-	-	-	4	4	6	4	4	4
Engineering	61	68	68	68	55	55	55	54	51	51
Environmental Protection	132	137	137	135	134	137	136	127	124	124
Executive	17	17	17	18	18	18	17	17	14	14
Facilities Management	-	-	-	-	18	18	20	20	20	15
Fire	268	267	267	268	268	269	269	271	262	258
Fiscal Services	18	17	17	17	21	19	19	19	18	14
General Administration	-	-	-	-	-	-	-	-	1	1
Human Resources	29	29	29	29	28	30	30	30	29	28
Income Tax	17	17	17	17	18	18	18	18	16	15
Information Technology	5	6	6	6	10	9	10	8	8	8
Management Services	-	-	-	-	-	-	-	-	3	3
Motor Equipment	42	43	43	43	43	43	41	40	39	37
Neighborhood Improvement	61	62	62	64	67	67	69	63	58	57
Parking Services	36	37	37	37	37	38	37	36	37	37
Parks and Recreation	66	68	68	69	69	72	71	68	59	58
Planning	15	15	15	16	24	25	24	22	18	18
Police	483	465	465	467	468	468	471	458	445	405
Public Library	62	61	61	62	62	58	58	71	71	69
Public Museum	31	29	29	33	33	35	35	34	21	19
Streets & Sanitation	93	94	94	103	105	110	112	111	111	112
Traffic Safety	37	37	37	38	40	42	44	44	44	40
Treasurer	19	21	21	21	22	22	22	22	21	21
Water	179	178	178	180	180	186	185	185	186	186
	<u>1,859</u>	<u>1,865</u>	<u>1,860</u>	<u>1,887</u>	<u>1,931</u>	<u>1,953</u>	<u>1,959</u>	<u>1,932</u>	<u>1,855</u>	<u>1,778</u>

Notes: Source, Annual Fiscal Plan authorized positions.

Table 17

City of Grand Rapids, Michigan
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Cemeteries										
Burials	708	670	732	654	695	650	639	616	639	636
Clerk										
Voters in November election	15,689	71,270	14,051	54,885	17,234	74,645	8,356	54,881	15,005	83,369
Environmental Protection/Sewage										
Billions of gallons treated *	18.39	16.35	18.51	18.75	18.99	20.12	20.69	18.67	16.99	18.64
Fire										
Total calls *			15,414	16,172	16,251	16,838	17,164	17,394	18,874	18,861
Civilian fire deaths *			0	13	9	4	2	7	9	4
Neighborhood Improvement										
Building permits issued	1,082	1,022	1,034	1,208	1,319	1,293	1,447	1,733	1,723	1,945
Parks and Recreation										
Open swim participants		91,152	100,286	83,706	87,816	102,644	82,769	60,425	32,573	26,829
Swimming lesson participants		1,230	540	730	800	10,254	11,698	7,120	7,322	5,384
Softball league participants		45,890	36,795	38,684	38,460	39,689	38,232	37,296	35,102	24,788
Police										
Major crimes *		14,668	14,230	14,611	12,627	13,057	12,092	11,485	11,956	11,625
Physical Arrests *				16,194	17,441	17,548	18,200	15,291	13,813	14,304
Public Library										
Library card holders	167,908	175,762	183,474	191,787	104,904	112,681	122,418	132,986	144,600	154,259
Total user count	577,260	701,695	725,225	704,513	557,206	495,578	654,666	738,226	908,786	910,513
Local history collection users	18,173	18,959	17,354	20,117	19,550	15,625	18,273	14,002	33,409	30,073
Total circulation of materials	1,220,506	1,273,646	1,265,742	1,196,415	1,123,115	1,118,899	1,410,829	1,393,001	1,546,593	1,428,096
Public Museum										
Admissions, all facilities	389,828	350,552	329,632	293,153	331,270	227,040	231,461	397,832e	380,058	395,928
Public Works										
Tons of refuse picked up	38,374	38,449	39,091	38,530	38,004	37,180	35,553	34,422	37,937	34,837
Tons of recycling removed	4,810	4,000	3,600	3,000	4,800	5,600	6,300	6,500	6,600	6,700
Water										
Number of retail customers	69,897	70,784	72,077	73,039	74,043	74,891	75,750	76,537	77,483	78,284
New connections										
Billions of gallons produced	14.71	15.08	14.95	15.69	14.97	14.64	14.49	15.16	14.07	14.71
Peak daily flow (millions of gal.)	73.60	73.70	83.00	83.20	74.00	75.60	79.60	90.10	71.90	79.20

Notes: * Calendar information for the previous calendar year.

Table 18

City of Grand Rapids, Michigan
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Parking Services										
Parking Ramps		5	6	6	6	6	5	5	6	5
Parks and Recreation										
Number of major parks	67	67	67	67	67	67	67	67	67	67
Number of swimming pools	10	10	9	9	9	10	10	10	9	9
Number of ball diamonds	69	69	70	70	70	70	70	70	70	70
Supervised playgrounds	25	25	25	25						19
Public Library										
Number of Libraries	7	7	7	7	6	6	7	8	8	8
Public Works										
Environmental Protection										
Miles of sanitary sewers	776	798	798	809	821	833	843	850	864	870
Streets										
Miles of paved streets	595	606	606	606	607	608	608	612	620	638
Streetlights	17,974	18,488	18,300	18,571	18,671	18,708	18,708	19,026	19,026	19,026
Water										
Miles of water mains	1,011	1,043	1,043	1,055	1,069	1,084	1,094	1,101	1,112	1,122

Table 19

City of Grand Rapids

Memorandum of Recommendations

Outstanding Checks (Old Checks)

The bank account reconciliation for the District Court's account contained a number of checks which have been outstanding for several years. State unclaimed property law requires that unclaimed and outstanding disbursement checks be remitted to the State's unclaimed property division after a period of five years.

Recommendation

Periodically review listings of outstanding checks and determine the reason that the checks were not cashed, following up with vendors as necessary. As a last resort, remit unclaimed amounts to the State in accordance with State law.

Response

We concur with the recommendation and plan to implement this fiscal year.

Taxes Receivable

The taxes receivable balance includes personal property taxes of \$255,500 for the years 1990 through 1999, which are not likely to be collected. These items are no longer maintained on the computer system; however, they still appear in the fund trial balances. Current taxes receivable should not include these old receivables.

Recommendation

Consider writing these amounts off, so that taxes receivable will properly reflect only current collectible taxes.

Response

The City has taken the personal property tax balances (except for court cases) for the years 1992, 1998, 1999, and 2000 to Circuit Court and received the Circuit Court order so the majority of the balances for these four years have been struck from the tax rolls. Given that, at year end, an accounting entry is made to estimated Uncollectible Personal Property Tax Receivables which represents that the City will not collect any of the receivables. The lack of an accounting entry

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after the taxes have been struck from the tax rolls does not affect the City's financial statements and has been deemed immaterial. At present, efforts are underway to complete various software conversion projects in the Treasurer's Office. Following the successful conversions, prior year taxes will be struck from the tax rolls.

Capital Asset Inventory

During our audit procedures, it came to our attention that an inventory of capital assets has not occurred for some time. A periodic inventory of capital assets provides control over the proper recording of assets purchased and sold, as well as identify any assets that are missing or have been transferred to another location.

Recommendation

Consider conducting a capital asset inventory on a periodic basis.

Response

Management concurs with this recommendation and is planning an inventory review this fiscal year.

Mainframe Access Passwords

As noted in our letter to management last year, mainframe level access controls do not force periodic changes to user passwords or limit the number of invalid access attempts before disabling the user.

Recommendation

Require users to change their passwords periodically and limit the number of invalid access attempts to reduce the risk of unauthorized use of systems functions. Management should evaluate the benefits of utilizing CA-Top Secret access security software to perform these and other access control functions in the mainframe environment.

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Response

The City completed the upgrade of the IBM operating system software in 2005 and plans to implement this new security feature in 2006. This will allow the Information Technology Department to force users to periodically change their passwords and limit the number of invalid access attempts to reduce the risk of unauthorized use of systems functions.

Oracle/Web Access Passwords

As noted in our letter to management last year, the Information Technology personnel responsible for administering access security on the Oracle/web application platform establish user passwords. In addition, users are not required to periodically change their passwords in this environment. Password controls should be enforced via automated settings within the software rather than via manual policies and procedures. A key element in good password security is that users change their own passwords and that these passwords are not known or shared by other individuals.

Recommendation

Evaluate password security procedures and parameters over Oracle/web applications and require passwords to be changed periodically by the users.

Response

The City is evaluating security procedures and parameters with Oracle and Web applications. Most of the City's Oracle and Web software applications are "Common off the Shelf" client tools which have their password security established at software installation and/or ODBC set up. Oracle and Web users do not use Oracle and Web passwords and are unaware that they are interacting with the Oracle databases. Procedures requiring Oracle passwords that are periodically changed would be unreasonable.

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Information Security Leadership and Administration

A centralized role for leadership and coordination of information security administration activities is not in place. In the current structure, various individuals within Information Technology and the application user departments administer access security for various operating system platforms and applications.

Establishment of a role to centralize and coordinate security administration could improve consistency of protection and lead to the development of consistent policies, standards, procedures, and practices across the various platforms and applications.

Recommendation

Consider establishing a centralized security administration leadership and coordinator role.

Response

The City has determined that creating a singular position to control global security is not practical due to the different technical knowledge required for each application. The City has assigned a system manager for each major software application who administers application security. The combination of the system manager administering application security with the Information Technology administering mainframe and network security has proven effective.

Security Assessment

The last security audit of the City's Information Technology resources was performed approximately two years ago. Security audits help identify risks and vulnerabilities related to policies, process, networks and systems. They also help identify ways for the City to defend critical infrastructure and sensitive data against non-authorized access.

Recommendation

Consider the need for an updated security assessment to be completed, due to changes in both the City's infrastructure and technology in general.

Response

The City will seek funding for an updated security assessment.

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Information Technology Resources and Planning

An up-to-date Information Technology strategic plan does not exist. The current Information Technology environment includes an increasing number of client server-based systems, as well as a number of key systems in the mainframe environment. In addition, there are numerous databases being supported within the client server environment. A strategic plan helps standardize the hardware and software systems supported and typically reduces hardware, maintenance and support costs over time.

Recommendation

Develop and periodically update a five-year strategic Information Technology plan. This plan would facilitate both the budget and capital planning process and also help ensure new hardware and software are purchased in accordance with the City's strategic direction.

Response

The City is currently developing a five-year budget, capital planning, and a systems management plan to ensure system reliability and financial sustainability.